FBN GENERAL INSURANCE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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FBN GENERAL INSURANCE LIMITED

CORPORATE INFORMATION

Company details

Registered address:	298, Ikorodu Road, Anthony road Lagos Nigeria
RC Number	208278
FRC Number	FRC/2012/0000000000266
Telephone:	+234 01-9054810 +234 01-9054832
Email:	insuranceinfo@fbninsurance.com
Postal address:	PMB 21170 Ikeja, Lagos Nigeria
Company secretary:	Pauline Ogebe FRC/2021/002/00000022913
Auditors	KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street Victoria Island Lagos Nigeria www.kpmg.com/ng
Shareholders	FBN Insurance Limited
Bankers	First Bank of Nigeria Limited Fidelity Bank Plc Guaranty Trust Bank Plc Zenith Bank Plc
Re-insurers	African Reinsurance Corporation Continental Reinsurance Plc.
Actuary	Alexander Forbes Consulting Actuaries Nigeria

VISION, MISSION AND VALUES

Our Vision
To be Nigeria's first choice in wealth creation and financial security.

Our Mission
Providing the Nigerian Insurance market with best-in-class, Innovative and solution-driven products and services that create value for all stakeholders, whilst consistently demonstrating integrity, professionalism and confidence.

Values

Quality Service
In every aspect of our business, excellence is our benchmark. So, whether our customers interact with our people, processes or products, they are sure to have an experience that is truly pleasing and rewarding. Only the best will do.

Respect for Individual
We understand that our customers are more than just facts and figures of our business. We appreciate that they have concerns, challenges, hopes and aspirations. That's why we greatly esteem and value them. And that's why we show each of our customers a heartfelt concern and empathy that is uncommon in our industry. The customer is King.

Integrity
We believe that trust is an invaluable asset in our line of work. Hence, we ensure that in all our dealings; in every contract we have with our customers, in our relationships with all other stakeholders and in all our processes, our character is never called into question.

Our word is our bond

Innovation
We are committed to the continuous offering of modern and relevant products and services which meet the yearnings and expectations of our customers. We are always forward thinking.

Professionalism
We have a crop of highly qualified and dedicated professionals with enviable antecedents and ample experience in their respective backgrounds. Together, we all work passionately to ensure optimal results for all our stakeholders and the company as a whole. We take our work seriously.

FBN GENERAL INSURANCE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the preparation and approval of the Financial Statements

The Directors of FBN General Insurance Ltd are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the company as at 31 December 2021, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS"), and in the manner required by the Companies and Allied Matters Act of Nigeria, the Insurance Act of Nigeria, relevant guidelines and circulars issued by the National Insurance Commission (NAICOM) and Financial Reporting Council Act of Nigeria.

In preparing the financial statements, the Directors are responsible for:

* properly selecting and applying accounting policies
* presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
* providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
* making an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for:

* designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
* maintaining adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the company comply with IFRS;
* maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
* Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
* preventing and detecting fraud and other irregularities

Going Concern

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the company will not remain a going concern in the year ahead.

The financial statements of the company for the year ended 31 December 2021 were approved by the Board of Directors on 31 March, 2022.

By order of the Board

Ms. Margaret Dawes
*Chairman***

31 March, 2022

Mr. Bode Opadokun
Managing Director
FRC/2014/CIIN/00000008646

31 March, 2022

*** The chairman was granted a waiver by the Federal Reporting Council (FRC) dated 11 March 2022 to sign the 2021 annual report (which includes the financial statements) without a FRC number, pending when the Company regularizes the registration with the FRC.*

FBN GENERAL INSURANCE LIMITED

STATEMENT OF CORPORATE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Managing Director/CEO and Chief financial Officer, hereby certify the financial statements of the FBN General Insurance Ltd for the year ended 31 Dec 2021 as follows:

a. That we have reviewed the audited financial statements of the Company for the year ended 31 December, 2021

b. That the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.

c That the audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the year ended 31 December 2021.

d. That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company is made known to the officer by other officers of the companies, during the period end 31 December 2021.

e. That we have evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of audited financial statements, and certify that the Company's internal controls are effective as of that date.

f. That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material weaknesses

g. That we have disclosed the following information to the Company's Auditors and Audit Committee:

(i) There are no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's auditors any material weaknesses in internal controls, and

(ii) There is no fraud that involves management or other employees who have a significant role in the Company's Internal control

Mr. Bode Opadokun
Managing Director
FRC/2014/CIIN/00000008646

31 March, 2022

Mr. Boye Ogunkoya
Head, Finance
FRC/2013/ICAN/00000000900

31 March, 2022

FBN GENERAL INSURANCE LIMITED

CERTIFICATION BY COMPANY SECRETARY

In my capacity as Company Secretary, I hereby certify, in terms of the Companies and Allied Matters Act, that for the year ended 31 December 2021, the company has lodged all such returns as are required of a company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Mrs. Pauline Ogebe
Company Secretary
FRC/2021/002/00000022913

Lagos, Nigeria

31 March, 2022

FBN GENERAL INSURANCE LIMITED

CERTIFICATION OF NON-LIFE INSURANCE LIABILITY VALUATION BY ACTUARY

Alexander Forbes Consulting Actuaries Nigeria verifies that the calculation of the non-life insurance liabilities as per the valuation as at 31 December, 2021 is appropriate. We are satisfied that the insurance liabilities as per valuation are sufficiently prudent and appropriate given the nature of the business and existing liabilities.

The result of the valuation is as follows:

Reserve	As at 31 December 2021 (=N=)
Outgoing Net OCR	3,844,019
Outgoing Gross IBNR	1,200,706
Total Gross future claims that are incurred	5,044,724
Reserves as at December 2021 (=N=)	
Outgoing Gross UPR	2,158,203
Outgoing Gross DAC	369,081
Outgoing Gross AURR	-

Wayne Van Jaarsveld
B.Sc Actuarial Science, FASSA
FRC/2021/002/00000024507

Tuesday, February 22, 2022

CORPORATE GOVERNANCE

The Company recognizes the pre-eminent place of good corporate governance structure and practices to the sustainability and profitability of an organization. With the aim of enhancing shareholder value and delivering efficient and effective services to our customers and community at large, the Company has instituted a corporate governance structure that would enable it achieve the desired objectives.

The Company has developed corporate policies and standards to encourage good and transparent corporate governance framework to avoid potential conflicts of interest between all stakeholders whilst promoting ethical business practices.

The activities of the Company are at all times conducted with high standards of professionalism, accountability and integrity, with due regard to the genuine interests of all our stakeholders. This is the foundation of our history, values and culture as a Company for building and sustaining an enduring institution that guarantees profitability and professionalism whilst enhancing shareholders' value.

A key governance development during the year under review is the strengthening of Board Committees in compliance with the Code of Corporate Governance of National Insurance Commission (NAICOM) and good corporate governance with a defined charter on their functions, composition, structure and duties. The purpose of this is to ensure an effective Board accountable to its stakeholders.

FBN General Insurance Ltd is committed to the continuous management of its business operations by identifying and implementing key governance indicators which aid sustainable development and guarantee shareholder excellent returns on investment.

Governance Structure
This is composed of the Board and the Board Committees.

Board and Board Committee Composition
The Company's Board comprises of eight members, four of whom are Non-Executive Directors, two independent Non-Executive Directors and two Executive Directors. The Board has the overall responsibility to strategically guide the Company and ensure its effective management. The Board discharges its duties through a number of standing committees whose charters are reviewed regularly. The charters define the purposes of the committees, their compositions, frequency of meetings, responsibilties and duties, as well as expected reports to the Board.

Members of the Board are as follows:

Ms. Margaret Dawes	Chairman (Appointed Chairman on June 3, 2021)
Mr. Bode Opadokun	Managing Director/CEO
Mr. Tunde Mimiko	Executive Director
Mr. Valentine O. Ojumah	Non-Executive Director
Mr. Satish Antony	Non-Executive Director (Resigned on April 27, 2021)
Mrs. Titilayo Adebiyi	Independent Non Executive Director
Alhaji Yusufu Modibbo	Independent Non Executive Director
Mr. Ilyes Hassib	Non-Executive Director (Appointed Director on June 3, 2021)
Mr. Youssef Benabdallah	Non-Executive Director (Appointed Director on December 8, 2021)

Performance Monitoring

As part of its oversight role, the Board continuously engages with Management and contributes ideas to the Company's strategy from the planning phase to the execution phase. The Board usually holds an annual Board retreat wherein the strategy for the coming year is rigorously debated and agreed between Management and the Board. Once a strategy is defined, updates on specific strategic objectives become part of the ongoing agenda for the Board Finance, Investment and General-Purpose Committee which debates and reports to the Board on the implementation of the strategy. During this process, the Board will be continuously updated on significant issues or challenges encountered during strategy implementation, and steps being taken to address these. On a quarterly basis, Management will review the Company's financial and performance indicators with the Board, and the Board will assess progress and confirm alignment or otherwise with the strategic goals and objectives of the Company on a continuous basis.

The Company's actual performance is compared relative to planned or budgeted performance, to provide the Board with ongoing insight into the level of achievement. In addition, peer review serves as a continuous part of our Board meetings in order to benchmark the Company against the performance of our competitors.

Board Committees

The Board discharges its responsibilities through the different committees and is regularly informed about the work of the committees by their respective chairpersons.

The Board has three committees, namely

-Audit and Compliance Committee,

-Governance, Establishment and Enterprise Risk Management Committee

-Finance, Investment & General Purpose Committee

The committees make recommendations to the Board, which retains responsibility for final decision making.

All committees report to the Board and as such must conform to the regulations laid down by the Board, with well-defined terms of reference contained in the charter of each Committee. The Committees render reports to the Board at the Board's quarterly meetings.

The composition as well as summary of the functions of the Board committee is stated below:

Audit and Compliance Committee

The Board Audit and Compliance Committee provides oversight responsibility for the audit, regulatory compliance and risk functions of the Company. The Committee also discusses the quarterly compliance reports and takes delivery of the audit reports and other reports and statements by the external auditors. The Committee monitors the effectiveness of the Company's compliance system and internal audit system. The Committee recommends the appointment of external auditors and monitors its independence and quality, and reviews the external auditor's fee arrangements.

Audit and Compliance Committee meetings 2021

Directors	Composition	No. of meetings attended	8-Mar	2-Jun	4-Aug	7-Dec
Alhaji Yusufu Modibbo	Chairman	4	1	1	1	1
Mr. Valentine O. Ojumah	Member	2	N/A	N/A	1	1
Mr. Satish Antony	Member	1	1	N/A	N/A	N/A
Mr. Ilyes Hassib	Member	2	N/A	N/A	1	1
Mr. Youssef Benabdallah	Member	0	N/A	N/A	N/A	N/A

Governance, Establishment and Enterprise Risk Management Committee

The Board Governance, Establishment and Enterprise Risk Management Committee advises the Board on its oversight responsibilities in relation to recruitment, compensation and benefits, promotions and disciplinary issues affecting senior officers of the Company on Manager grade and above. The Committee has the responsibility to review and approve proposals from the Executive Committee for recruitment, promotion and termination of senior officers on Assistant General Manager (AGM) grade and above and also review and approve disciplinary actions proposed by the Board to be carried out against senior officers on manager grade and above. The Committee also monitors the effectiveness of the company's risk management system.

Governance, Establishment and Risk Management Committee meetings 2021

If not presented separately in the Directors	Composition	No of meetings attended	8-Mar	2-Jun	4-Aug	7-Dec
Mrs Titilayo Adebiyi	Chairman	4	1	1	1	1
Mr. Valentine O. Ojumah	Member	2	N/A	N/A	1	1
Mr. Satish Antony	Member	1	1	N/A	N/A	N/A
Ms Margaret Dawes	Member	2	1	1	N/A	N/A
Mr. Ilyes Hassib	Member	2	N/A	N/A	1	1
Mr. Youssef Benabdallah	Member	0	N/A	N/A	N/A	N/A

Finance, Investment and General Purpose Committee

The Board Finance, Investment and General Purpose Committee monitors and reviews the Company Investment policies. It ensures at all times that the Company's investment policies reflect the objectives of safety and maintenance of fair returns on investments. The Committee equally establishes standards, rules and guidelines for the Company's investment management operations while also reviewing the Company's investment strategy with a view to sustaining medium to long-term competitive edge The value of the Company's marked-to-market portfolios is also evaluated by this Committee.

Finance, Investment and General Purpose Committee 2021

Directors	Composition	No of meetings attended	8-Mar	2-Jun	4-Aug	7-Dec
Mr. Valentine O. Ojumah	Chairman	2	N/A	N/A	1	1
Ms. Margaret Dawes	Fmr. Chairman	2	1	1	N/A	N/A
Mrs Titilayo Adebiyi	Member	4	1	1	1	1
Mr. Bode Opadokun	Member	2	1	1	N/A	N/A
Mr Tunde Mimiko	Member	2	1	1	N/A	N/A
Alhaji Yusufu Modibbo	Member	4	1	1	1	1
Mr. Youssef Benabdallah	Member	0	N/A	N/A	N/A	N/A

Executive Management Committee

This Committee reports to the Board on activities of the Company The Committee is responsible for the following:

i. ensuring alignment of Company's strategic and business plan as approved by the Board;

ii. reviewing strategic and business performance against approved plans and budget of the Company, and agreeing recommendations and corrective actions;

iii. ensure adequate monitoring of Revenue and Expenditure Budget; and

iv. provide leadership to the Management team.

Members of the Committee includes the Managing Director/CEO, the Executive Directors, Operations, Head Finance, Head Underwriting, Head, Claims and Reinsurance, Head, Internal control and Enterprise Risk Management, Head, Internal Audit, Head, Human Resources/Admin, Head, Information Technology, Head Legal & Compliance, Head, Business Strategy and any other Divisional Head as appointed from time to time.

Whistle-Blowing Procedure

The whistle-blowing process involves steps that should be taken by the whistle-blower in reporting a reportable misconduct, and steps required for the investigation of the reported misconduct. The company has a procedure that encourages staff and other relevant stakeholders to report perceived unethical or illegal conduct of employees, Management, Directors and other stakeholders across the Company to appropriate authorities in a confidential manner without any fear of harassment, intimidation, victimization or reprisal of anyone for raising concern(s) under this policy.

The Board of Directors and Management are committed towards promoting a culture of openness, accountability and Integrity, and will not tolerate any harassment, victimization or discrimination of the whistle blower provided such disclosure is made in good faith with reasonable belief that what is being reported is fact. The company has dedicated email address and telephone numbers through which staff are encouraged to raise any concern or unethical conduct.

FBN GENERAL INSURANCE LIMITED

RISK DECLARATION
FOR THE YEAR ENDED 31 December 2021

The Board's Governance, Establishment and Enterprise Risk Management Committee of FBN General Insurance Limited hereby declare as follows:

a) The company has systems in place for the purpose of ensuring compliance with NAICOM guidelines;

b) The Board is satisfied with the efficacy of the processes and systems surrounding the production of financial information of the company;

c) The company has in place a Risk Management Strategy, developed in accordance with the requirements of NAICOM's guideline on Enterprise Risk Management (ERM), setting out its approach to risk management; and

d) The systems that are in place for managing and monitoring risks, and the risk management framework, are appropriate to the company, having regard to such factors as the size, business mix and complexity of the company's operations.

Alhaji Yusufu Modibbo
FRC/2019/CISN/00000016732

Mr. Valentine O. Ojumah
FRC/2012/CIIN/00000002422

Operating Environment

The breakthroughs recorded with Covid-19 vaccines globally in 2021 significantly raised the optimism of a post-pandemic recovery. As global economies gradually recovered from the troughs induced by the pandemic, growth outcomes became increasingly divergent across regions, reflecting varying impacts of pandemic-related disruptions, adequacy of policy supports and access to vaccines.

In developed economies and the emerging markets, price pressures were amplified by labour shortages and supply chain disruptions buoyed by stifled consumer demand. On the other hand, low-income economies grappled with rising food prices, widening income disparity, and growing social unrest. As a result, the road towards harmonized global growth remains quite long.

The Nigerian economy experienced its share of the global trends and the impact of Covid-19 pandemic as it recorded some shocks within over the period before gaining some momentum in the last two quarters of 2021. Key macroeconomic indicators slowed while pressure on inflation and exchange rates heightened in the face of structural macroeconomic constraints, ultimately, impacting domestic supply chain, capital flows and major production and distributive trade. All these significantly impacted individual and local corporate economic activities.

The Nigerian insurance industry witnessed a mild growth in total industry gross premium income as a result of impacts of Covid-19 and slow recovery of economic activities. The industry saw more tractions within the insurtech space as technology start-ups increasingly shifted their focus toward the insurance market. The relative slow performance during the period was moderated by renewal premiums and few new businesses. Modified new regulation on minimum paid-up capital policy for insurance and reinsurance companies in Nigeria issued by National Insurance Commission (NAICOM) as suspended following a court injunction.

Nature of Business

We are a Financial Service Company; a non-life insurer, supported by a team of experienced professionals and risk management specialists who design bespoke solutions that cater for the versatility of our client individual needs. Our services include:

- Motor Insurance
- Marine Insurance
- Fire
- General Accident
- Oil and Gas
- Bond
- Engineering

Business Overview

The Company recorded a gross premium written of N9.3billion at the end of 2021 financial year, a 16% year on year growth when compared with N8billion achieved same period In 2020. The company achieved (N1.79bn) loss after tax in 2021 as a result of mark-to-mark fluctuations experienced in financial assets during the year.

Underwriting profits declined by 14% to close at N1.66billion from N1.94billion achieved in 2020. The company recorded 13% growth in investment income of N858m compared to N756m recorded in 2020. However, due to fluctuations and changes in market variables in 2021, the company recorded mark-to-mark loss of N3billion in financial assets. Claims expenses recorded during the year rose year on year by 43% from N2.89billion in 2020 to N4.14billion in 2021.

Outlook

During the year under review, the company continued to execute its 3-year strategic plan while adapting to the new realities of the business environment. The Company reinforced its commitment in becoming a leading brand in General Insurance business in Nigeria. Central to the plan is the achievement of improved market shares across key product classes and increased footprints in retail, Small and Medium Enterprises (SMEs) and large corporate segments. The Company will continue to comply with relevant regulatory provisions as it endeavours to create stakeholder value on a sustainable basis.

The Company has a robust enterprise risk management framework which has been designed along the requirements of NAICOM and the Committee of Sponsoring Organisation of the Treadway Commission (COSO). Effective risk management remains fundamental to the business activities of the Company and there is a framework that supports a culture where risk management is everyone's responsibility from the levels of the Board and Executive committees down to risk owners and respective risk units.

The Company's Enterprise Risk Management framework clearly identifies, assesses, monitors, evaluates and manages the principal risks it assumes in conducting its activities. These risks include credit, market and operational risks, as well as legal, compliance, reputational information security risk and underwriting risks. The risk structure includes management's approach to risks inherent in the business and its appetite for these risk exposures. Under this approach, the Company continuously assesses its top risks and monitors the risk profile against approved limits. The main strategies for managing and mitigating risks include policies and tools that target specific broad risk categories.

Enterprise Risk Management philosophy

The Company's risk management principles and strategies are hinged on maximising value creation and returns on investments. The risk management strategy is such that will assist the Company in achieving its vision and delivery of business objectives As part of the risk strategy, the Company's Enterprise Risk Management framework will ensure identification, quantification and treatment of all the foreseeable key risks. Our basis include that the risk management process will;

i) uphold the Company's integrity and value system;
ii) add sustainable value to all the activities of the organisation;
iii) aid the understanding of the potential upside and downside of key risks;
iv) support compliance to regulatory requirements;
v) increase probability of success;
vi) reduce the uncertainty of achieving the organisation's overall objectives;
vii) support the culture that "managing risk is everybody's responsibilities" and pursue and reinforce this objective through risk awareness, clear Executive sponsorship, setting risk appetite and risk boundaries that are generally known, agreed and widely discussed; and
viii) provide clear lines of responsibilities.

Our risk management context is entrenched in our mission statement of providing the Nigerian insurance market with best-in-class, innovative and solution-driven products and services that create value for all stakeholders, whilst consistently demonstrating integrity, professionalism and confidence

Our Risk Culture

a) The Board and Senior Management consciously promote a responsible approach to risk management and ensure that the sustainability and reputation of the Company are not jeopardised while expanding its market share.
b) The responsibility for risk management in the Company is fully vested in the Board which in turn delegates such to senior management
c) The Company pays adequate attention to both quantifiable and unquantifiable risks.
d) The Company management creates awareness of risk and risk management across board.

Risk management framework

Our risk management framework was designed and embedded in our operating culture and processes. There are clear levels of responsibilities (from the Board of Directors to the Staff Unit) assigned for effective management of our business risks.

We operate and maintain three levels of risk governance structure for the oversight and management of risk. These are:

1st line: Management

The Board includes the Board of Directors and the Board Audit and Compliance Committee and are charged with the responsibility for oversight of the Enterprise Risk Management process, proposing and approving the Risk Appetite level for the business and delegating responsibility of detailed oversight to Risk Committee.

2nd line: Risk oversight

This consists of the Risk Management Committees and the Chief Risk Officer of the Company. The Management evaluates the risks inherent within the business and ensures that they are captured appropriately within the business Risk Profile. The Chief Risk Officer facilitates an improved understanding of Risk Management process throughout the organisation in order to embed and improve continuously a risk awareness culture and to work with business management to review and update the Risk and control log.

The Chief Risk Officer (CRO) is responsible for setting policies and procedures necessary for the implementation of the risk framework. The role of the Chief Risk officer includes communicating the Company's risk profile to the Board and Management Committee and also communicates the decisions of the Board and Risk Management Committee to the other members of the Company.

3rd line: Independent assurance

This is the last line or level of defence within our risk management structure and comprises the internal audit and external auditors' function that provides independent and objective assurance of the effectiveness and adequacy of risk management control and governance process.

Risk appetite

The Company is committed to driving its business initiatives without loss of value or unmitigated exposures to related risks. In order to improve the value of shareholders wealth and remain profitable, the Company designed its appetite for risk exposures at any given situation. The risk appetite represents the amount of risk exposure or potential adverse impact from an event that the Company is willing to accept/retain. The risk appetite of the Company is set by the Board of Directors annually, and it is aimed at minimising erosion of earnings or capital due to avoidable losses in the trading, investment and underwriting books, or from frauds or operational inefficiencies. The Company's Risk Appetite objective include:

i) Optimisation of capital employed through enhanced returns on equity.

ii) Consistently strive to minimise overall cost of risk exposure and its management through effective risk mitigation practices.

iii) Losses due to frauds and operational lapses should be a maximum of a specified percentage of gross earnings and in any case be lower than the industry average.

Risk management policies and procedures

The Enterprise-wide Risk Management policies and procedures which have been instituted strategically are aimed at managing potential, inherent and residual risk categories in our operations.

The Board recognizes that the practice of risk management is critical to the achievement of corporate objectives and has actively encouraged a risk culture that embraces innovation and opportunity, primed risk-taking and acceptance of risk which is inherent in all our activities, whilst reducing barriers to successful implementation.

Risk classification

The Company is exposed to different kinds of risk while conducting its business. Some of these include:

Market risk/Investment risk

This is the risk to a Company's financial condition resulting from adverse movements in the level or volatility of market prices. The Company has a structured process and basis for measuring and calculating the probability of loss and possible impact on the Company's capital resources caused by adverse changes in the price of stock and shares, property, exchange rates and other market conditions that are relevant. The Companies have established investment limits in its operational guidelines and policy of assets diversification in line with NAICOM regulations to prevent over concentration and over exposure to any particular market.

Credit risk

This is the risk that counterparty will default on payment or fail to perform an obligation to the Company. The Company has a system for conducting due diligence on the credit worthiness of any party to which it has credit exposure. The Company does not ordinarily grant credit facilities to third parties in the course of its business but could have credit risk associated with Insurance Brokers consequent upon the "No Premium No Cover" enforcement by NAICOM.

Operational risk

This is the risk of loss from inadequate or failed internal processes, people and systems or from external events which arises from the potential that inadequate information systems, operational problems, breaches in internal controls, fraud, or unforeseen catastrophes will result in unexpected losses. The Company has policies that cover risk that may arise from people, systems and internal process failures. The policies include staff recruitment, training, retention plans, succession plans, remuneration and welfare benefits, designing standard operating procedure and policies, driving compliance culture, process automation, Information Technology support systems, data integrity, IT systems access, etc.

Liquidity risk

Liquidity risk exist when there is insufficient cash flow to meet the Company's operational and financial obligations and is usually associated with inability to liquidate assets or obtain funding from external sources to pay claims and other liabilities when due. The Company manages its liquidity risk through appropriate assets and liability management strategies through the Investment Management Committee. Monthly reports and review of liquidity gaps is conducted to assess the level of liquidity risk.

Reinsurance risk

This is the risk of inadequate reinsurance cover to mitigate underwriting risk. It usually occurs when there is insolvency of a reinsurer, discovery of exposures without current reinsurance coverage, or exhaustion of reinsurance covers through multiple losses. The Company has documented reinsurance policies for adequate reinsurance arrangements and treaties for all categories of insurance business transacted. The policies include the process for Reinsurer selection, monitoring, claims recovery, etc.

Underwriting risk

Underwriting is the process by which an insurer determines the conditions necessary and suitable to accept insurance risk. The risk crystallises when there is severe and frequent claims against the Company's projected capacity. The Company has embedded internal control processes to guide its insurance business and guide against the risk of unexpected losses and capital erosion. There is a well documented underwriting policies and procedure and are enforced throughout the organisation.

Business risk

The Company's business risk is associated with gaining market shares and remains profitable. This risk is considered through documented process for product development and launch, business segment profitability analysis, stakeholder's engagement as well as being embedded in our brand promise.

Reputational risk

This is the risk of events that could cause public distrust and damages to the Company's integrity, reputation and goodwill especially in the eyes of the customers, regulators, competitors, and the general public. We manage reputational risk through a structured approach for defining and implementing core values and acceptable standard of behaviour which the staff are expected to follow while conducting the day to day business of the Company. The Company risk assessment and monitoring process has embedded controls for testing reputational risk and the outcome of such exercise is communicated to the Board Risk Committee on a quarterly basis.

Legal/compliance risk management

The Company has procedures to ensure that all statutory regulations are completely adhered to by the business unit at all times. These regulations include those set by NAICOM and other relevant agencies of government. There are internal control processes that identify potential breaches to the regulations and are promptly mitigated. Some of the control processes include:

a) Know -your-customer (KYC) procedure
b) Anti-money laundering/combating the financing of terrorism (AML/CFT)
c) Anti-bribery and corruption measures
d) Guidelines for adherence to Corporate Governance principles
e) Gift policies
f) Whistle blowing policies

Risk report and risk map

Issues arising from risk assessment process are collated and presented in a report called the Risk Report which forms the basis of constructing the risk map. The risk map draws senior management's attention to the critical risk factors as well as the adequacy of existing controls to mitigate the risk. The risk map provides a snapshot summary of the significant risk and the ratings and probability of occurrence within a specific year. This forms the basis for estimating the potential operational loss.

Risk control self-assessment (RCSA)

The Company has a mechanism for risk assessment on periodic basis and this is known as Risk control self-assessment (RCSA) principle. It involves the tests and procedures or assessments that need to be performed periodically to assure that key controls are in place and are working effectively as designed. The control requirements are proactively assessed through Process risk analysis and review of policy requirements, loss events, and audit findings. The Company then set controls required to comply with policy requirements and test these processes for adequacy and risk mitigation capability. Risk Champions are engaged in each business or risk unit and facilitates the process of risk control self-assessment in the Company

Key risk indicators

The key risk indicator (KRI) provides trend analysis of risk exposures or deviation from standard processes. This helps the Risk Officers and Risk owners to promptly identify increasing threat to business activities and escalate to the appropriate senior levels for control and to probably review the risk appetite. The trend analysis is one of the sources of data for the risk report and risk map documented by the Company.

Loss events reporting

The Company has a Loss Event Register that captures all actual loss sustained during operational processes.

Health and safety management

The Health and Safety Management has been instituted to provide and maintain safe healthy working conditions, work equipment and systems for all staff. This responsibility also extends to visitors, contractors and others who may potentially be affected by our activities. The Health and Safety Policy framework underpins the policy statements, roles and responsibilities of the HSE officer.

Business Continuity Plan (BCP)

The Business Continuity Plan (BCP) has been designed to promote resilience against operational threats especially with regards to continuity of critical operations, in the event of a disaster or disruption to critical operations. The BCP framework also addresses adherence to contingency planning procedures, in the event of emergencies. We aim to continually improve on inherent gaps identified during each simulation exercise.

FBN GENERAL INSURANCE LIMITED

DIRECTORS' REPORT

The Directors present their report together with the financial statements of the Company for year ended 31 December, 2021.

Legal Form

FBN General Insurance Limited, (formerly Oasis Insurance Company Plc.) was incorporated on November 9, 1992 to carry on Insurance business. It changed its name to Oasis Insurance Plc. on November 26, 2004, following the successful listing of its shares on the Nigeria Stock Exchange. Oasis Insurance Plc. was acquired by FBN Insurance Limited during the year 2014, and thereafter delisted its shares on the Nigerian Stock Exchange. The company is a subsidiary of FBN Insurance Limited (a member of the Sanlam Group, South Africa).

Principal Activities

The Company is engaged in General Insurance Business.

Operating Result

	2021 ₦'000	2020 ₦'000
Gross Premium	9,316,380	8,004,993
Net Underwriting Income	5,156,434	4,492,185
(Loss)/Profit before tax	(1,677,643)	2,287,902
Taxation	(114,381)	(235,213)
(Loss)/Profit after tax	**(1,792,024)**	**2,052,689**
Appropriations		
Transfer to contingency reserve	279,491	139,057
(Depletion of)/Transfer to retained earnings	(2,071,515)	1,913,631
	(1,792,024)	**2,052,688**

Dividends

No dividend is being proposed by the Board of Directors in respect of the financial year ended 31 December, 2021

Directors

The Directors who held office at various times during the year and to the date of this report were:

Ms. Margaret Dawes	Chairman	(Appointed Chairman on June 3, 2021)
Mr. Bode Opadokun	Managing Director/CEO	
Mr. Babatunde Mimiko	Executive Director, Operations	
Mr. Valentine O. Ojumah	Non-Executive Director	
Mr. Antony Satish	Non-Executive Director	(Resigned on April 27, 2021)
Mr. Titilayo Adebiyi	Independent Non-Executive Director	
Alhaji Yusufu Modibbo	Independent Non-Executive Director	
Mr. Ilyes Hassib	Non-Executive Director	(Appointed Director on June 3, 2021 subject to NAICOM's approval)
Mr. Youssef Benabdallah	Non-Executive Director	(Appointed Director on December 8, 2021 subject to NAICOM's approval)

The Directors who were appointed during the year were:

Mr. Ilyes Hassib	Non-Executive Director	(Appointed Director on June 3, 2021 subject to NAICOM's approval)
	Non-Executive Director	(Appointed Director on June 3, 2021 subject to NAICOM's approval)

Retirement of Directors

The Directors who Retired during the year were:

Nil

FBN GENERAL INSURANCE LIMITED

Directors' shareholding

The Director had no interest in, nor held shares in the Company.

Directors' interest in contracts

None of the Directors has notified the company for the purpose of section 303 of the Companies and Allied Matters Act, 2019 of their direct or indirect interest in contracts or proposed contracts with the company during the year.

Analysis of Company Shareholding

The shareholding structure of the company as at 31 December, 2021 was as follows:

	2021		2020	
	No. of Shares	**% held**	**No. of Shares**	**% held**
FBN Insurance Limited	9,999,999,999	100%	9,999,999,999	100%
Ms. Annari Van Niekerk	1	0%	1	0%
Total	10,000,000,000	100%	10,000,000,000	100%

Donations and Gifts

During the year, Company made the following donations N1,281,800 (2020: N5,930,000):

2021	=N=
Junior Chamber International (JCI) Nigeria.	500,000
Nigerian Insurers Association (NIA)	200,000
Obafemi Awolowo University, Ile-Ife (Insurance Department)	156,800
Professional Insurers Ladies Association	150,000
Ansar-Ud-Deen Society of Nigeria	150,000
The Nigerian Council of Registered Insurance Brokers	75,000
All Saints College, Ibadan	50,000
	1,281,800

Property Plant and Equipment

Movements in Property, Plant and Equipment are shown in note 9. The Directors are of the opinion that the market value of the company's assets is not less than the value shown in the financial statements.

Employment and Employees

Employment of disabled persons

It is the policy of the company that there should be no discrimination in considering applications for employment including those from disabled persons. All employees whether or not disabled are given equal opportunities to develop. The company had no disabled person in its employment as at 31 December, 2021.

Health, safety at work and welfare of employees

Health and safety regulations are in force within the company's premises and employees are aware of existing regulations. The company provides subsidy to all employees for medical, transportation, housing and lunch.

Employees' involvement and training

The company is committed to keeping employees fully informed as much as possible regarding the company's performance and progress and seeking their views where ever practicable on matters, which particularly affect them as employees. Training is carried out at various levels through both in-house and external courses. Management, professional and technical expertise are the company's major assets and investment in their further development continues.

DIRECTORS' REPORT

Post balance sheet events

There were no post balance sheet events which could have a material effect on the state of affairs of the company as at 31 December 2021 and the profit for the year ended on that date that have not been adequately provided for.

Auditors

In accordance with Section 401 (1) of the Company & Allied Matters Act (CAMA), 2020, a new auditor, Messrs. KPMG Professional Services was appointed at the Annual General Meeting and a resolution was proposed to authorise the Directors to determine their remuneration.

FBN General Insurance Limited financial statements have been authorised for issue by the Board of Directors on 31 March, 2021.

BY ORDER OF THE BOARD

Mrs. Pauline Ogebe

Company Secretary
FRC/2021/002/00000022913

31 March, 2022

FBN GENERAL INSURANCE LIMITED

REPORT OF THE AUDIT COMMITTEE
TO THE MEMBERS OF FBN GENERAL INSURANCE LTD

In accordance with the provision of Section 359. (6) of the Companies and Allied Matters Act 2020, we confirm that we have seen the Audit Plan and Scope and the Management Letter on the audit of the financial statements of the Company and the response.

In our opinion, the plan and scope of the audit for the year ended 31 December , 2021 were adequate.

We have reviewed the auditor's findings and we are satisfied with the management response thereon.

We also confirm that the accounting and reporting policies of the company are in accordance with legal requirements and ethical practices.

ALHAJI YUSUFU MODIBBO
FRC/2019/CISN/00000016732
31 March, 2022

MEMBERS OF THE AUDIT COMMITTEE

1	Alhaji Yusufu Modibbo	- Chairman
2	Mr. Valentine O. Ojumah	- Member
3	Mr. Ilyes Hassib	- Member

FBN GENERAL INSURANCE LIMITED

FOR THE YEAR ENDED 31 December 2021

RESULTS AT A GLANCE

STATEMENT OF PROFIT OR LOSS	31-Dec-21 N'000	31-Dec-20 N'000
	9,316,380	8,004,993
Gross premium Income	8,985,928	7,824,124
Net premium income	4,461,743	3,879,085
Investment and other Income	(1,754,511)	2,106,928
(Loss)/Profit before tax	(1,677,643)	2,287,902
(Loss)/Profit after tax	(1,792,024)	2,052,689

STATEMENT OF FINANCIAL POSITION	31-Dec-21 N'000	31-Dec-20 N'000
Total assets	15,793,403	15,941,988
Insurance contract liabilities	7,202,927	5,812,588
Total liabilities	8,777,187	7,133,747
Earnings per share (basic)	(18kobo)	19kobo

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Lagos

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of FBN General Insurance Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of FBN General Insurance Ltd ("the Company"), which comprise:

- the statement of financial position as at 31 December 2021;
- the statement of profit or loss and other comprehensive income;
- the statement of changes in equity;
- the statement of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission ("NAICOM") Circulars.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

KPMG

Valuation of Insurance contract liabilities

The actuarial valuation of Insurance contract liabilities involves high estimation uncertainties and requires management to apply significant judgement over uncertain future outcomes.

Provisions for reported claims are based on historical experience. However, the eventual liabilities may differ from the estimated amounts. Furthermore, the estimated liability for claims that have occurred but are yet to be reported in respect of non-life insurance contracts involve judgement and economic assumptions such as inflation rate, and discount rates; hence the eventual outcome is uncertain.

The level of complexity, the significant judgment and assumptions applied by management in estimating the insurance contract liabilities is of significance to our audit.

How the matter was addressed in our audit:

- We evaluated the design and implementation of key controls instituted by the Company which includes management review of data used for the valuation of insurance contract liabilities.
- We agreed the underlying data on a sample basis used in actuarial valuations of insurance contract liabilities to source documentation such as outstanding claims, claims paid, and claims recoveries.
- We engaged our actuarial specialists to assess the appropriateness of the methodology used by the Company's external actuary for determining the insurance contract liabilities.
- With the assistance of our actuarial specialist, we evaluated the reasonableness of the actuarial assumptions used by the Company's external actuaries including projected cashflows, basic chain ladder runoff period, inflation and discount rate.

The Company's accounting policy on valuation of insurance contract liabilities and related disclosures are shown in notes 12 (accounting policy), note 1.3 (critical accounting estimates and judgments) and notes 11 (Insurance contract liabilities).

Other Matter

The financial statements for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 31 March 2021.

Other Information

The Directors are responsible for the other information. The other information comprises the Corporate Information, Corporate addresses, Vision, Mission and Values Statements, Certification by Company Secretary, certification by the Actuary, Corporate Governance Report, Risk Declaration Report, Enterprise Risk management Report, Directors' Report, Statement of directors' responsibilities, Statement of Corporate Responsibilities, Result at a Glance, and Audit Committee's Report, which we obtained prior to the date of the auditor's report. Other information also includes the Chairman's statement and report from the Executives, together the "outstanding reports", which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") Circulars, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

KPMG

We communicate with Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020 and Section 28 (2) of the Insurance Act, 2003.

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received.
iii. The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Penalties

The Company did not pay penalties in respect of contraventions of the requirements of the National Insurance Commission Guidelines and Circulars during the year ended 31 December 2021.

Kabir O. Okunlola, FCA
FRC/2012/ICAN/00000000428
For: KPMG Professional Services
Chartered Accountants
01 April 2022
Lagos, Nigeria

36/ICAN
1150156

FBN GENERAL INSURANCE LIMITED

FOR THE YEAR ENDED 31 December 2021

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Legal Form

FBN General Insurance Limited, (formerly Oasis Insurance Company Limited) was incorporated on November 9, 1992 to carry on insurance business. It changed its name to Oasis Insurance Plc on November 26, 2004 following the successful listing of its shares on the Nigeria Stock Exchange. Oasis Insurance Plc was acquired by FBN Insurance Limited during the year 2014, and delisted its shares on the Nigerian Stock Exchange.

Oasis Insurance Plc changed its name to FBN General Insurance Ltd on 29 June, 2015. The company is now a subsidiary of FBN Insurance Limited (a member of the Sanlam Group, South Africa).

The company's registered office address is 298, Ikorodu Road, Anthony Lagos.

Principal Activities

FBN General Insurance Ltd is a non-life Insurance company and underwrites General and Special Risks Insurance businesses. The company is fully capitalised in line with Insurance Act CAP I17 LFN 2004 and as stated in NAICOM Insurance Act and guidelines. The non-life business underwritten by the company are: Motor, Marine (Cargo & Hull), Fire and Special Perils, Engineering Insurance, General Accident and Oil and Gas businesses.

The Company pays attention to claims settlement to optimise customers' satisfaction. The Company also invests its available funds in interest bearing and highly liquid instruments to generate adequate returns to meet its claims obligations.

The accounting policies applied in the preparation of these financial statements are stated below. The accounting policies have been consistently applied to all periods presented in the financial statements, unless otherwise stated.

1.1 Statement of Compliance

The financial statements of the Company have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB); the International Financial Reporting Interpretations Committee (IFRIC); and the relevant national regulations like Companies and Allied Matters Act (CAMA), FRC Act 2011 and Insurance Act CAP I17 LFN 2004, to the extent that they are not in conflict with IFRS.

These financial statements comprise the statement of financial position, Statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cashflows and the accompanying notes.

1.2 Basis of Preparation and Measurement

These financial statements have been prepared in accordance with the going concern principle and on the historical cost basis except for the following items which are measured on the following alternative basis on each reporting date:

	Items	Measurement basis
a.	Non-derivative financial Instruments	Fair value through profit or loss
b.	financial assets	Fair value through other comprehensive income
c.	Investment property	Fair value through profit or loss
d.	Insurance liabilities	Present value of future cashflows

1.3 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the IFRSs requires the use of certain critical estimates. Actual results may differ from these estimates. The preparation also requires management to exercise its judgments in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised propectively. The management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly.

The appropriate estimates and judgements have been applied in the preparation of these financial statements.

a. **Judgements**

Information about Judgements made in applying accounting policies that have most significant effects on the amounts recognised in the financial statements are as follows;

i. Impairment of financial assets: establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporation forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL;

ii. Classification of financla assets: assessing the business model within which the assets are held and whether the contractual terms of the assets are solely payments of principal and interest (SPPI) on the principal amount outstanding;

iii. Classification of insurance and reinsurance contracts: assessing whether the contract transfers significant insurance risks and whether an insurance contract contains direct participation features;

iv. Measurement of insurance and reinsurance contracts: determining the technique for estimating risks adjustments for non-financial risk and the coverage units provided under a contract.

b. **Assumptions and estimation uncertainties**

Impairment of financial assets: determination of inputs into the ECL measurement model, including key assuptions used in estimating recoverable cash flows and incorporation of forward-looking information.

1.4 Presentation of financial statements

The Company presents its statement of financial position broadly in order of liquidity. This includes an analysis of underwriting risk, solvency margin as well as classification of assets and liabilities due for recoverable or due for settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current). Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

2 Changes in accounting policy and disclosures

Newly effective standards for 01 January 2021 and/or disclosures in these financial statement

1. Interest Rate Benchmark Reform -Phase 2 (Amendments to IFRS 9,IAS 39,IFRS 7,IFRS 4 and IFRS 16)

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7.

In September 2020, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.

The amendment does not impact the Company.

Impact of the initial application of new and amended IFRS Standards that are effective for the current year

Amendments to IAS 1 and IAS 8 Definition of material -

The Company has adopted the amendments to IAS 1 and IAS 8 in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial Information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1.

The amendment does not impact the Company.

New and revised IFRS Standards in issue but not yet effective

The following new or revised standards and amendments which have a potential impact on the Company are not yet effective for the year ended 31 December 2021 and have not been applied in preparing these financial statements. The Company also plans to apply all the standards and amendments disclosed below once they are applicable. However, the Company's assessments of the new standards and amendments is not yet concluded but is expected to have significant impact on our Company's operations and financial position.

IFRS 17 - Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. This standard replaces the existing accounting standard IFRS 4 Insurance Contracts which gave entities dispensation to account for insurance contracts (particularly measurement) using local actuarial practices, resulting in a multitude of different approaches.

The overall objectives of IFRS 17 is to provide a more useful and consistent accounting model for insurance contracts among entities issuing insurance contracts globally. The standard requires an Company to measure Insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. A General Measurement Model (GMM) will be applied to long-term insurance contracts, and is based on a fulfilment objective (risk-adjusted present value of best estimate future cash flows). This model uses current estimates, informed by actual trends and Investment markets.

Also, IFRS 17 establishes what is called a Contractual Service Margin (CSM) in the initial measurement of the liability which represents the unearned profit on the contract and results in no gain on initial recognition. The CSM is released over the life of the contract, but interest on the CSM is locked in at inception rates. The CSM will be utilised as a "shock absorber" in the event of changes to best estimate cash flows. On loss making (onerous) contracts, no CSM is set up and the full loss is recognised at the point of contract inception.

An optional simplified Premium Allocation Approach (PAA) is available for all contracts that are less than 12 months at inception. The PAA is similar to the current unearned premium reserve profile over time. The requirement to eliminate all treasury shares has been amended such that treasury shares held as underlying items for a group of direct participating contracts or investment funds are not required to be eliminated and can be accounted for as financial assets. These requirements will provide transparent reporting about an entities' financial position and risk and will provide metrics that can be used to evaluate the performance of insurers and how that performance changes over time. The Company is in the process of determining the impact of the standard. The standard will be adopted for the year ending 31st December 2023.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an Company will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. The application of this standard Is not expected to have a significant impact on the financial statements.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an Company recognizes such sales proceeds and related costs in profit or loss. The Company measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the Company's ordinary activities, and which line item(s) in the statement of comprehensive Income include(s) such proceeds and cost.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. The application of this standard is not expected to have a significant impact on the financial statements.

Amendments to IAS 37 - Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the Company has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the Company first applies the amendments. Comparatives are not restated. Instead, the Company shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. The application of this standard is not expected to have a significant impact on the financial statements.

Annual Improvements to IFRS Standards 2018 - 2020

The Annual Improvements include amendments to four Standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards.

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent. in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted. The impact of this amendment on the Company is being assessed.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an Company includes only fees paid or received between the Company (the borrower) and the lender, including fees paid or received by either the Company or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the Company first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted. IFRS 9 has been early adopted by the Company. The Impact of this amendment is being assessed.

3 Foreign Currency

(i) Reporting currency

The financial statements are presented in Nigerian currency (Naira) which is the Company's functional currency. Except otherwise indicated, financial information presented in Naira have been rounded to the nearest thousand.

(ii) Transactions and balances

Transactions denominated in foreign currencies are translated into naira at the rate ruling on the date of the transaction. Monetary assets and monetary liabilities at the balance sheet date denominated in foreign currencies are translated into Naira at the rate ruling on the balance sheet date. Any gains or losses arising on translation are recognized in the income statement.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into Naira at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

4 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank, call deposits and short term highly liquid financial assets with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. Cash and cash equivalents include cash on hand, cash balances, fixed deposits and bank overdrafts that are repayable.

5 Financial assets and liabilities

The Company had an early adoption of IFRS 9 in order to align with its Parent Company.
The classification of its financial assets and liabilities are determined by management at initial recognition and depends on the objective of the business model.

5.1 Recognition

Financial assets are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit and loss, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Company has also transferred substantially all risks and rewards of ownership.

5.2 Classification and Measurements

For the purpose of measuring a financial asset after initial recognition, IFRS 9 classifies financial assets into the following categories: at fair value through profit or loss and at amortised cost. The classification is based on the results of the Company's business model test and the contractual cashflow characteristics of the financial assets.

Financial assets at fair value through other comprehensive income and financial assets at fair value through profit and loss are subsequently carried at fair value. Other financial assets are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit and loss' category are included in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the statement of comprehensive income as part of Investment income when the Company's right to receive payments is established.

Interest on financial assets fair value through other comprehensive income calculated using the effective interest method is recognised in the income statement. Dividends on equity instruments fair value through other comprehensive income are recognised in the income statement when the Company's right to receive payments is established. Both are included in the investment income line.

The category relevant to the Company as at 31 December 2021 are fair value through profit or loss and at amortised cost. At initial recognition all assets are measured at fair value.

5.3 Business Model Assessment

Business model assessment involves determining if financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both. The Company assesses business model at a portfolio level which reflects how the assets are managed together to achieve a particular business objective.

5.4 Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading and those designated by The Company as at fair value through profit or loss upon Initial recognition. Financial assets classified as held through profit or loss are those that have been acquired principally for the purpose of selling in the short term or repurchasing in the near term, or held as part of a portfolio that is managed together for short-term profit.

Financial instruments included in this category are recognised Initially at fair value; transaction costs are taken directly to profit or loss. Gains and losses arising from changes in fair value are included directly in profit or loss and are reported as 'Net gains/ (losses) on financial assets classified as held for trading'. Interest income and expense and dividend income on financial assets held for trading are included in 'Discount and similar income' or 'Other operating income', respectively. Fair value changes relating to financial assets designated at fair value through profit or loss are recognised in 'Net gains from financial assets held for trading'.

5.5 Financial assets at fair value through other comprehensive income

Except for financial assets that are designated at initial recognition as at fair value through profit or loss, a financial asset is measured at fair value through other comprehensive income (FVTOCI) if both of the following conditions are met:

a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (the business model test); and

b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flows characteristics test).

5.6 Financial assets measured at amortized cost

Financial assets are measured at amortized cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortization is included in Interest income in the Statement of Income. Impairment on financial assets measured at amortized cost is calculated using the expected credit loss approach.

5.7 Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges. The quoted market price used for financial assets held by the Company is the current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, company, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid - offer spread or significant increase in the bid - offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the statement of financial position.

The Company uses widely recognised money market rates in determining fair values of non-standardised financial instruments of lower complexity like placements, and treasury bills. These financial instruments models are generally market observable. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments. In cases where the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less any impairments. The fair value for loans and receivables as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs. The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

5.8 Derecognition of financial instruments

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another Company. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

5.9 Reclassification of financial assets

Reclassification of financial assets is determined by the Company's senior management, and is done as a result of external or internal changes which are significant to the Company's operations and demonstrable to external parties.Reclassification of financial assets occurs when the Company changes its business model for managing financial assets.

Investments in equity instruments that are designated as fair value through other comprehensive income at initial recognition cannot be reclassified because the election to designate as fair value through other comprehensive income is irrevocable.

For financial assets, reclassification is required between FVTPL, FVTOCI and amortised cost; if and only if the Company's business model objective for its financial assets changes so its previous business model assessment would no longer apply.

IFRS 9 does not allow reclassification:

- when the fair value option has been elected in any circumstance for a financial asset;
- or equity investments (measured at FVTPL or FVTOCI); or
- for financial liabilities.

If an Company reclassifies a financial asset, it is required to apply the reclassification prospectively from the reclassification date, defined as the first day of the first reporting period following the change in business model that results in the Company reclassifying financial assets. Previously recognised gains, losses (including impairment gains or losses) or interest are not restated.

All impairment losses are recognized through profit or loss. If any loss on the financial asset was previously recognized directly in equity as a reduction in fair value, the cumulative net loss that had been recognized in equity is transferred to the income statement and is recognized as part of the impairment loss. The amount of the loss recognized in the income statement is the difference between the acquisition cost and the current fair value, less any previously recognized impairment loss.

5.10 Impairment of financial asset

Financial assets carried at amortized cost and FVTOCI

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss model. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an Company always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

The Company recognizes loss allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at FVTPL:

Financial assets that are debt instruments, Lease receivables, Loan and advances to customers, Other Loans and receivables, Financial guarantee contracts issued; and Loan commitments issued. The Company measures expected credit losses and recognizes interest Income on risk assets based on the following stages:"

Stage 1: Assets that are performing. If credit risk is low as of the reporting date or the credit risk has not increased significantly since initial recognition, The Company recognize a loss allowance at an amount equal to 12-month expected credit losses. This amount of credit losses is intended to represent lifetime expected credit losses that will result if a default occurs in the 12 months after the reporting date, weighted by the probability of that default occurring.

Stage 2: Assets that have significant increases in credit risk. In instances where credit risk has increased significantly since initial recognition, The Company measures a loss allowance at an amount equal to full lifetime expected credit losses. That is, the expected credit losses that result from all possible default events over the life of the financial instrument. For these debt instruments, interest income recognition will be based on the EIR multiplied by the gross carrying amount.

Stage 3: Credit impaired. For debt instruments that have both a significant increase in credit risk plus observable evidence of impairment:

The Company's process to assess changes in credit risk is multi-factor and has three main elements;

I. Quantitative element, a quantitative comparison of PD at the reporting date and PD at initial recognition
II. Qualitative elements
III. Backstop indicators

For Individually significant exposures such as corporate and commercial risk assets, the assessment is driven by the internal credit rating of the exposure and a combination of forward-looking information that is specific to the individual borrower and forward-looking information on the macro economy, commercial sector (to the extent such information has not been already reflected in the rating process).

For other exposures, significant increases in credit risk is made on a collective basis that incorporates all relevant credit information, including forward-looking macroeconomic information. For this purpose, the Company's exposures are on the basis of shared credit risk characteristics.

Impairment allowance is not recognised on financial assets measured at fair value through profit or loss.

Significant increase in credit risk

The Company decision on whether expected credit losses are based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk since initial recognition. An assessment of whether credit risk has increased significantly is made at each reporting date. When making the assessment, The Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. The forms the basis of stage 1, 2 and 3 classification and subsequent migration.

The Company applies qualitative and quantitative criteria for stage classification and for its forward and backward migration.

Assets measured at amortised cost

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in income statement. If a financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from disposal less costs for obtaining and selling the collateral, whether or not disposal is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of The Company's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for grouping of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for grouping of assets are reflected and directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by The Company to reduce any differences between loss estimates and actual loss experience.

The gross carrying amount of a financial asset is written off when the company has no reasonable expectations of receiving a financial assets in its entirety or a portion thereof.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

5.11 Financial liabilities

Financial liabilities are classified as either financial liabilities at amortised cost or 'other financial liabilities'. Financial liabilities are recognized initially at fair value and in the case of other financial liabilities, less directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, insurance payables and investment contracts. The Company's financial liabilities are classified as other financial liabilities.

Other financial liabilities which includes creditors arising out of reinsurance arrangements, direct insurance arrangement and other payable, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective interest basis.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition

The Company derecognizes financial liabilities when, and only when, the obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss.

5.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

6 Trade receivables

Trade receivables arising from Insurance contracts represent premium receivable with determinable payments that are not quoted in an active market and the Company has no intention to sell. Premium receivables are those for which credit notes Issued by brokers are within 30 days, in conformity with the "NO PREMIUM NO COVER" policy.

Trade receivables are classified as loans and receivables.

The Company assesses at each reporting date whether there is objective evidence that an insurance receivable is impaired If there is objective evidence that the insurance receivable is impaired, the carrying amount of the insurance receivable is reduced accordingly through an allowance account and recognized as impairment loss in profit or loss.

Trade receivables include amounts due from agents, brokers and insurance contract holders.

7 Other Receivables and Prepayments

Other receivables and prepayments are carried at cost less accumulated impairment losses.

7.1 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are considered to be impaired when there exists any indication that the asset's recoverable amount is less than the carrying amount. Impairment losses are recognised in profit or loss.

Impairments or losses of non-financial assets, related claims for or payments of compensation from third parties and any subsequent purchase or construction of replacement assets are separate economic events and are accounted for separately.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are recognised in profit or loss.

8 Investment property

Investment property comprises investment in land or buildings held primarily to earn rentals or capital appreciation or both.

Investment property is initially recognized at cost including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes cost of day to day servicing of an investment property.

An investment property is subsequently measured at fair value with any change therein recognised in profit or loss. Fair values are determined individually, on a basis appropriate to the purpose for which the property is intended and with regard to recent market transactions for similar properties in the same location.

Fair values are reviewed annually by independent valuer, holding a recognized and relevant professional qualification and with relevant experience in the location and category of investment property being valued. Any gain or loss arising from a change in the fair value is recognized in the income statement.

Subsequent expenditure on investment property is capitalized only if future economic benefit will flow to the Company; otherwise they are expensed as incurred.

Investment properties are disclosed separate from the property and equipment used for the purposes of the business.

The Company separately accounts for a dual purpose property as investment property if it occupies only an insignificant portion. Otherwise, the portion occupied by the Company is treated as property, plant and equipment.

9 Intangible assets

Recognition of software acquired is only allowed if it is probable that future economic benefits to this intangible asset are attributable and will flow to the Company.

Software acquired is initially measured at cost. The cost of acquired software comprises its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use. After initial recognition, software acquired is carried at its cost less any accumulated amortisation and any accumulated impairment losses. Maintenance costs should not be included.

Internally developed software is capitalized when the Company has the intention and demonstrates the ability to complete the development and use of the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs include all costs directly attributable to the development of the software. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three years subject to annual re-assessment.

10 Property, Plant and Equipment

Recognition and Measurement

Property, Plant and Equipment comprise land and buildings and other properties owned by the Company.

Items of property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent Costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit and loss account during the financial period in which they are incurred.

Subsequent costs on replacement parts on an item of property are recognized in the carrying amount of the asset and the carrying amount of the replaced or renewed component is derecognized.

Depreciation

Depreciation is calculated on property, plant and equipment on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life, Land is not depreciated. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Depreciation reduces an asset's carrying value to its residual value at the end of its useful life, and is allocated on a straight line basis over the estimated useful lives, as follows:

Land	-
Buildings	2%
Office equipment	20%
Computer hardware	33.33%
Furniture and fittings	20%
Plant & Machinery	20%
Motor vehicles	25%

Derecognition

Upon disposal of any item of property, plant and equipment or when no future economic benefits are expected to flow from its use, such items are derecognized from the books. Gains and losses on disposal of assets are determined by comparing proceeds with their carrying amounts and are recognized in the income statement in the year of derecognition.

11 Statutory deposit

This represents 10% of the paid up capital of the company deposited with the Central Bank of Nigeria (CBN) in pursuant to section 10(3) of the Insurance Act, 2003. Statutory deposit is measured at cost.

12 Insurance Contracts

The Company issues contracts that transfer insurance risk or financial risk or both. Contracts under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policy holder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policy holder or other beneficiary are classified as insurance contracts. Insurance risk is risk other than financial risk, transferred from the holder of the contract to the issuer.

(a) Classification of Insurance Contracts

IFRS 4 requires contracts written by insurers to be classified as either 'insurance contracts' or 'investment contracts' depending on the level of insurance risk transferred. The Company only issues contracts that transfer insurance risks.

Insurance contracts are those contracts where a party (the policy holder) transfers significant insurance risk to another party (insurer) and the latter agrees to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder, or other beneficiary.

General insurance business means insurance business of any class or classes not being long term insurance business. The Company's classes of insurance contract are as follows;

i Fire insurance business
ii General accident insurance
iii Motor vehicle insurance
iv Engineering insurance business;
v Marine insurance business;
vi Oil and gas insurance business;
vii Bonds credit guarantee
viii Miscellaneous insurance

For all these contracts, premiums are recognized as revenue proportionally over the period of coverage. The portion of premium received on in- force contracts that relates to unexpired risk at the end of reporting date is reported as the unearned premium liability.

(b) Recognition and measurement of insurance contracts

(i) Gross Premiums

Gross premiums comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. The earned portion of premiums received is recognized as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risk underwritten. Premiums are shown before deduction of commission.

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or reinsurance business assumed. Outward reinsurance premiums are recognized as an expense in accordance with the pattern of indemnity received.

(ii) Unearned premiums

Unearned premiums are those proportions of premiums written in the year that relate to periods of risks after the reporting date. It is computed separately for each insurance contract using actuarially determined liabilities by the actuary. Provision for unexpired risk is made for unexpired risks arising where the expected value of claims and expenses attributable to the unexpired period of policies in force at the reporting date exceeds the unearned premium in relation to such policies after deduction of any deferred acquisition costs. Specifically, provision for unexpired risk is based on time appointment basis.

(iii) Deferred acquisition costs

Acquisition costs comprise insurance commissions and other related expenses arising from the generation and conclusion of insurance contracts. The proportion of acquisition costs that correspond to the unearned premiums are deferred as an asset and recognized in the subsequent period. They are recognised on a basis consistent with the related provisions for unearned premiums.

(iv) Deferred income

Deferred income represents a proportion of commission received on reinsurance contracts which are booked during a financial year and are deferred to the extent that they are recoverable out of future revenue margins.

(v) Reinsurance contracts

The Company cedes reinsurance in the normal course of business for the purpose of limiting its net loss potential on policies written. Premium ceded comprise written premiums ceded to reinsurers, adjusted for the reinsurers' share of the movement in the provision for the unearned premiums. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Reinsurance expenses, and commission received are presented in the income statement separately from the gross amounts.

Reinsurance assets represent balances due from reinsurance contracts. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

Reinsurance recoverable are estimated in manner consistent with the outstanding claims provision and claims incurred associated with the reinsurer's policies and are in accordance with the related insurance contract. They are measured at their carrying amount less Impairment charges. Amounts recoverable under reinsurance contracts are assessed for impairment at each balance sheet date. If there is objective evidence of impairment, the Company reduces the carrying amount of its insurance assets to its recoverable amount and recognizes the impairment loss in the income statement as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due and that the event has a reliably measurable Impact on the amounts that the Company will receive from the reinsurer.

(vi) **Commission Income**

Commission income is recognized on ceding business to the re-assurer, and is credited to the profit and loss account.

(vii) **Claims**

Claims consist of claims and claims handling expenses paid during the financial year. This is charged to the income as incurred based on the estimated liability for compensation owed to policy contract holders or third parties damaged by the policy contract holders.

The provision for outstanding claims represent the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date whether reported or not. The provision Includes an allowance for claims management and handling expenses. The company does not discount its liability for unpaid claims.

The provision for outstanding claims for reported claims is estimated based on current Information and the ultimate liability may vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provision for prior years are reflected in the income statement in the financial period in which adjustments are made, and disclosed separately if material.

(viii) **Underwriting expenses**

Underwriting expenses are made up of acquisition and other underwriting expenses. Acquisition costs comprise all direct and indirect costs arising from the writing of insurance contracts, these include but not limited to commission expenses, superintending fees and other technical fees.

Underwriting expenses for insurance contracts is recognized as expense when incurred and they are charged in the accounting year in which they are incurred.

(ix) **Liabilities and related assets under liability adequacy test**

The net liability for insurance contracts is tested for adequacy by discounting current estimates of all future contractual cash flows and comparing this amount to the carrying value of the liability net of deferred acquisition costs. Where a shortfall is identified, an additional provision is made and the Company recognizes the deficiency in the income statement for the year.

13 **Technical Reserves**

These are the reserves computed in compliance with the provision of Section 20, 21, and 22 of the Insurance Act 2003. They are:

General insurance contracts

(a) Reserves for unearned premium

Unearned premium is calculated in compliance with Section 20 (1) (a) of Insurance Act 2003 on a time apportionment basis in respect of the risks accepted during the year.

(b) Reserves for outstanding claims

The reserve for outstanding claims is maintained at the total amount of outstanding claims incurred and reported plus claims incurred but not reported (IBNR) which is based on the liability adequacy test as at balance sheet date (see note 54)

(c) Reserves for unexpired risk

A provision for additional unexpired risk reserve (AURR) is recognised for an underwriting year where it is envisaged that the estimated cost of claims and expenses would exceed the unearned premium reserve (UPR).

Hypothecation of Assets

The company has a practice to hypothecate its assets into insurance and shareholders' fund where funds are combined to acquire such assets.

14 Provisions and other payables

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the

Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is not up to one year, discounting is omitted.

15.i Income tax

Income tax comprises current Company Income Tax, Tertiary Education Tax and National and Information Technology Development Agency levy, the Nigeria Police Trust Fund levy and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. The Company has determined that interest and penalties relating to income tax, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37, provisions, contingent liabilities and contingent assets.

15.ii Current tax

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes. It is assessed as follows:

- Company income tax is assesssed on taxable profits
-Tertiary tax is computed on assessable profits
-National Information Technology Development levy is computed on profit before tax
-Nigerian Police Trust Fund is computed on net profit

16 **Deferred tax**

Deferred taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred taxation is provided fully on timing differences, which are expected to reverse at the rate of tax likely to be in force at the time of reversal. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future and differences arising from investment property measured at fair value whose carrying amount will be recovered through use. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

17 **Share Capital and premium**

The company classifies ordinary shares and share premium as equity when there is no obligation to transfer cash or other assets.

Incremental costs directly attributable to issue of shares are recognized as deductions from equity net of any tax effects.

18 **Contingency reserves**

The Company maintains contingency reserves in accordance with the provisions of the Insurance Act 2003 (section 21 (2)) to cover fluctuations in securities and variations in statistical estimates at the rate equal to the higher of 3% of total premium or 20% of the total profit after taxation until the reserve reaches the greater of minimum paid up capital or 50% of net premium for general business.

19 **Earnings per share**

The Company presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Company by the number of shares outstanding during the year.

Adjusted earnings per share is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares adjusted for the bonus shares issued.

20 **Asset Revaluation Reserves**

Revaluation gains recognised on valuation of Property, Plant and Equipment, basically land and buildings, are credited to assets revaluation reserves. When the revaluation gains are realised, they are credited to profit or loss from asset revaluation reserves.

21 **Dividends**

Dividend proposed or declared after reporting date are not recognised by the Company. Dividend distributions payable to equity shareholders are only included in 'other liabilities' when the dividends have been approved in an Annual General Meeting (AGM) prior to the reporting date.

22 Contingent Assets and Liabilities

Contingent assets are not recognized in the statement of financial position. However, when realization of a contingent asset is virtually certain, it is no longer considered a contingent asset and is recognized as an asset. The asset is recognized in the period in which this change from contingent asset to asset occurs, and the related income recognized accordingly. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

23 Revenue recognition

The company's revenue includes premium income, fees and commission income, interest income and investment income.

(a) Rendering of services: Revenue arising from assets management and other related services offered by the company are recognised in the accounting period in which the services are rendered.

(b) Premium income: Premium income are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

(c) Interest income and expenses

Interest income and expenses for all interest-bearing financial instruments, including financial instruments measured at fair value through profit and loss, are recognised within investment income in the income statement using the effective interest rate method. Interest income is accounted for on a time proportionate basis that takes into account the effective interest rate on the asset.

(d) Fees and commission income

Commission income is recognized on ceding business to the re-assurer, and is credited to the profit or loss account.

24 Investment income

Investment income comprises interest income earned on short-term deposits, rental income and income earned on trading of securities including all realised and unrealised fair value changes, interest, dividends and foreign exchange differences. Investment income is accounted for on an accrual basis.

Interest income is recognised in the income statement as it accrues and is calculated using the effective interest rate method. Fees and commissions that form part of an integral part of the effective yield of a financial instrument are recognised as an adjustment to the effective interest rate of the instrument.

When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income

25 Reinsurance Expenses

Reinsurance cost represents outward premium paid to reinsurance companies less the unexpired portion as at the end of the reporting period.

26 Other operating and administrative expenses

Other operating and administrative expenses are expenses other than claims, investment expenses, employee benefit, expenses for marketing and administration and supervisory levies. They include professional fee, depreciation expenses and other non- technical expenses. Other operating and administrative expenses are accounted for on accrual basis and recognized in the income statement upon utilization of the service or at the date of their origin.

27 Employee benefits

(a) Short-term benefits

Short-term employee benefit obligations include wages, salaries and other benefits which the Company has a present obligation to pay, as a result of employees' services provided up to the balance sheet date. The accrual is calculated on an undiscounted basis, using current salary rates.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(b) Post-Employment Benefits

The Company operates a defined contributory retirement scheme as stipulated in the Pension Reform Act 2014 Amendment. Under the defined contribution scheme, the Company pays fixed contributions of 16.5% to a separate Company – Pension Fund Administrators; employees pay 8.5% fixed percentage to the same Company. Once the contributions have been paid, the Company retains no legal or constructive obligation to pay further contributions if the Fund does not hold enough assets to finance benefits accruing under the retirement benefit plan. The Company's obligations are recognized in the profit and loss account.

(c) Discretionary Exit Bonus

The Company make provision for exit bonuses to qualifying staff who have served the company and retired at the mandatory retirement age of 60 years. Only staff that remain in the employment of the Company at the age of 60 years and has consistently performed up to minimum criteria is entitled to the bonus which is awarded at the discretion of the Board and management.

The award of the bonus is not contractual and is not enforceable. Employees that exited the Company before attaining the mandatory age of 60 years are automatically disqualified from being considered for the bonus. The bonus award is limited to one year gross cash emolument of qualifying employee. Provisions are made annually in the financial statement based on the gross emoluments of employees at year end.

FBN GENERAL INSURANCE LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 December 2021

	NOTES	31-Dec-21	31-Dec-20
ASSETS		₦'000	₦'000
Cash and cash equivalent	2	918,439	756,012
Financial assets :			
Fair value through profit or loss	3.1	7,901,014	9,497,142
Amortised Cost	3.2	208,250	566,500
Trade receivables	4	32,990	17,164
Reinsurance assets	5.1	4,616,058	3,207,242
Deferred acquisition cost	6	369,081	349,013
Other receivables and prepayments	7	213,880	26,004
Investment properties	8	-	100,000
Property plant and equipment	9	1,233,693	1,122,911
Statutory deposits	10	300,000	300,000
Total Assets		**15,793,403**	**15,941,988**
LIABILITIES			
Insurance contract liabilities	11	7,202,927	5,812,588
Trade payables	12	809,858	423,342
Provision and other payables	13	412,288	530,926
Income tax liabilities	15	91,702	166,591
Deferred tax liabilities	16	260,411	200,300
Total Liabilities		**8,777,187**	**7,133,747**
EQUITY			
Share capital	17	5,000,000	5,000,000
Share premium	18	410,961	410,961
Contingency reserve	19	1,615,763	1,336,271
Retained (deficits) earnings	20	(527,642)	1,543,875
Asset revaluation surplus	21	517,133	517,133
Total Equity		**7,016,215**	**8,808,241**
Total Liabilities and Equity		**15,793,403**	**15,941,988**

These Financial Statements were approved by the Board of Directors on 31 March, 2022 and signed on its behalf by;

Mr. Boye Ogunkoya
Head, Finance
FRC/2013/ICAN/00000000900

Mr. Bode Opadokun
Chief Executive Officer
FRC/2014/CIIN/00000008646

Ms. Margaret Dawes
Chairman**

The accompanying notes form an integral part of this Financial Statements.

***The Chairman was granted a waiver by the Federal Reporting Council (FRC) dated 11 March 2022 to sign the 2021 annual report (which includes the financial statements) without a FRC number, pending when the Company regularizes the registration with the FRC.*

FBN GENERAL INSURANCE LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 December 2021

	Notes	31-Dec-21	31-Dec-20
		₦'000	₦'000
Gross premium written	22	9,316,380	8,004,993
Gross premium income	23	8,985,928	7,824,124
Reinsurance premium expenses	24	(4,524,185)	(3,945,039)
Net premium income		**4,461,743**	**3,879,085**
Fee and commission Income - insurance contracts	25	694,691	613,100
Net underwriting income		**5,156,434**	**4,492,185**
Claims incurred	26	(4,137,171)	(2,894,765)
Insurance claims recovered from Reinsurers	27a	2,517,195	1,892,365
Underwriting expenses	27	(1,877,624)	(1,551,841)
Underwriting profit		**1,658,834**	**1,937,943**
Investment income	28	857,593	755,672
Net realized (loss)/ gain on financial assets	29	(2,752,827)	1,244,291
Net fair value (loss)	30	(293,546)	(21,719)
Other operating Income	31	434,269	128,683
Net operating income		**(95,677)**	**4,044,871**
Employee benefit expenses	32	(788,358)	(910,412)
Other operating and administrative expenses	33	(808,557)	(827,243)
ECL Impairment allowance	34	14,949	(19,314)
(Loss)/Profit before tax		**(1,677,643)**	**2,287,902**
Income tax expense	35	(114,381)	(235,213)
(Loss)/Profit after tax		**(1,792,024)**	**2,052,689**
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Items that may not be reclassified subsequently to profit or loss		-	-
Total other comprehensive loss		-	-
Total comprehensive income for the year		**(1,792,024)**	**2,052,689**

FBN GENERAL INSURANCE LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2021

2021

	Share capital	Share premium	Contingency reserve	Assets revaluation reserve (PPE)	Retained earnings	Total Equity
	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2021	5,000,000	410,961	1,336,272	517,133	1,543,874	8,808,241
Total Comprehensive Income for the year						
Loss/Profit for the year	-	-	-	-	(1,792,024)	(1,792,024)
	-	-	-	-	(1,792,024)	(1,792,024)
Contributions by and distributions to owners:	-	-	-	-		-
Dividend declared during the year	-	-	279,491	-	(279,491)	-
Transfer to Contingency Reserves	-	-	-	-	-	-
Total Transactions with Owners, recognised directly in equity	-	-	279,491	-	(279,491)	-
Balance at 31 December 2021	5,000,000	410,961	1,615,764	517,133	(527,641)	7,016,216

2020

	Share capital	Share premium	Contingency reserve	Assets revaluation reserve (PPE)	Retained earnings	Total Equity
	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2020	3,951,753	410,961	948,945	517,133	(5,433)	5,823,360
Total Comprehensive Income for the year:						
Loss/Profit for the year	-	-	-	-	1,936,634	1,936,634
Total Comprehensive Income for the year	-	-	-	-	1,936,634	1,936,634
Contributions by and distributions to owners:	-	-	-	-		-
Issue of Shares	1,048,247	-				1,048,247
Dividend declared during the year	-	-	-	-	-	-
Transfer to Contingency Reserves	-	-	387,327	-	(387,327)	-
Total Transactions with Owners, recognised directly in equity	1,048,247	-	387,327	-	(387,327)	1,048,247
Balance at 31 December 2020	5,000,000	410,961	1,336,272	517,133	1,543,874	8,808,241

FBN GENERAL INSURANCE LIMITED

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 December 2021

	Note	31-Dec-21	31-Dec-20
		N'000	N'000
Cash flows from operating activities			
Premiums received from policy holders	4	9,241,366	8,027,689
Premium deposit	12	351,424	59,188
Reinsurance receipt in respect of claims	5a	1,512,884	846,055
Cash paid to and on behalf of employees	32	(788,358)	(910,412)
Minimum Deposit paid during the year	5a	(27,353)	(20,855)
Reinsurance premium paid	12.1	(4,592,178)	(3,449,462)
Other Income received	31	7	176
Interest Income Received	28a	814,840	642,383
Dividend received	28	14	134
Fees and commission income received	25	735,202	608,752
Claims paid	26	(3,077,283)	(1,599,464)
Other operating expenses paid		(523,850)	(919,613)
Commission paid (Acquisition)	6	(1,694,965)	(1,450,501)
Maintenance expenses paid during the year	27	(202,726)	(150,799)
Tax paid	14	(129,158)	(60,219)
Net cashflow generated by operating activities		**1,619,865**	**1,623,052**
Cashflows from investing activities			
Purchase of financial assets - Treasury Bills	3.1iii	(9,264,657)	(1,853,759)
Proceed from redemption of financial assets - Treasury Bills	3.1iii	8,260,584	6,021,533
Proceed from redemption of financial assets OCI - Unquoted Equity	3.1ii	-	37,476
Purchase of financial assets - FGN Bonds	3.1v	(11,935,285)	(13,210,156)
Proceed from disposal of financial assets - FGN Bonds	3.1iv	11,425,228	7,376,405
Purchase of financial assets -Commercial Paper	3.2ii	(1,708,264)	(145,722)
Proceed from disposal assets -Commercial Paper	3.2ii	1,853,670	-
Purchase of financial assets -Corporate Bonds	3.2iii	(1,203,120)	(438,027)
Proceed from disposal assets -Corporate Bonds	3.2iii	1,624,214	-
Purchase of financial assets -State Bonds	3.2iv	(206,769)	-
Proceed from the sale of investment property	8	90,000	-
Loan advanced to staff	7.1	(223,382)	-
Staff loans repayment during the year	7.1	50,938	-
Purchase of property, plant & equipment	9	(218,699)	(32,679)
Proceed from disposal of Property, Plant and Equipment	31.1	685	1,156
Net cashflow generated by investing activities		**(1,454,859)**	**(2,243,773)**
Cashflows from financing activities			
Proceed from issue of shares	17	-	1,048,247
Net cash flow generated by financing activities		**-**	**1,048,247**
Net increase/(decrease) in cash and cash equivalents		**165,007**	**427,526**
Cash and cash equivalents at the beginning of the year	2	757,665	330,139
	2	**922,672**	**757,665**

1 Legal Form

FBN General Insurance Limited, (formerly Oasis Insurance Company Plc.) was incorporated on November 9, 1992 to carry on Insurance business. It changed its name to Oasis Insurance Plc. on November 26, 2004, following the successful listing of its shares on the Nigeria Stock Exchange. Oasis Insurance Plc, was acquired by FBN Insurance Limited during the year 2014, and thereafter delisted its shares on the Nigerian Stock Exchange. The company is a subsidiary of FBN Insurance Limited (a member of the Sanlam Group, South Africa).

The company's registered office address is 298, Ikorodu Road, Anthony, Lagos

The accounting policies of the company are stated on pages 46 - 67

		31-Dec-21	31-Dec-20
2	**Cash and Cash Equivalents**	**N'000**	**N'000**
	Cash and bank balances	323,749	352,103
	Short term deposits	598,923	405,562
	ECL impairment (note 2.1)	(4,233)	(1,653)
		918,439	**756,012**
	Current	918,439	756,012
	Non current	-	-
		918,439	**756,012**
	Of the cash and cash equivalents, the following related to insurance funds:		
	Policyholder insurance funds	516,087	429,387
	Shareholders' funds	402,351	326,625
		918,439	**756,012**
2.1	**ECL impairment on cash and cash equivalents**		
	At 1 January	1,653	942
	Changes during the year	2,580	711
	At 31 December	**4,233**	**1,653**
2.2	**Cash and Cash Equivalents for Cash flow**		
	Cash and bank balances	323,749	352,103
	Short term deposits	598,923	405,562
		922,672	**757,665**

The carrying value of cash and cash equivalent approximates fair value. Short-term deposits are various deposits with commercial banks for varying period of one to ninety days (1 - 90 days), depending on the immediate cash requirements of the company.

The effective interest rate on short term deposits range from 0.83% to 2%. The cash and bank balances are the current account balances of the company. The carrying value of cash and cash equivalent approximates fair value. Short term deposits are various deposits with commercial banks for varying periods of one to ninety days (1 - 90 days), depending on the immediate cash requirements of the company.

3 Financial Assets

	31-Dec-21	31-Dec-20
	₦'000	₦'000
Financial assets at Fair Value through Profit or Loss (Note 3.1)	7,901,014	9,497,142
Financial assets at Amortised Cost (Note 3.2)	208,250	566,500
	8,109,263	10,063,642

	31-Dec-21	31-Dec-20
	₦'000	₦'000
Current	1,354,066	492,680
Non current	6,755,198	9,570,962
	8,109,263	10,063,642

3.1 Financial assets at fair value through profit or loss

Treasury bills:		
Treasury bills with original maturity < 90 days	-	347,274
Treasury bills with original maturity > 90 days	1,354,066	-
FGN bond (note 3.1iv)	6,546,948	9,149,868
	7,901,014	9,497,142

3.1i Movement in financial assets through Profit or Loss

At 1 January	9,497,142	6,557,307
Reclassification from Available for Sale	-	-
Addition during the year	21,199,941	15,063,916
Redemption during the year	(22,689,863)	(12,211,006)
Accrued interest	34,671	108,644
Fair value changes	(140,877)	(21,719)
At 31 December	7,901,014	9,497,142

3.1ii Movement in Fair Value Through Profit or Loss - Unquoted equity security

At 1 January	-	142,476
Disposal during the year	-	(37,476)
In May 2020, the IASB issued	-	(105,000)
At 31 December	-	-

The Impairment on unquoted equities represents an allowance for the decline in the fair value of the securities as at 31 December 2021 in line with the requirements of the standard.

FBN GENERAL INSURANCE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS

		31-Dec-21	31-Dec-20
3.1iii	**Movement in Fair Value Through Profit or Loss-Treasury Bills**	₦'000	₦'000
	At 1 January	347,274	4,528,040
	Addition during the year	9,264,657	1,853,759
	Redemption during the year	(8,260,584)	(6,021,533)
	Accrued Interest	2,880	27
	Fair value changes	(162)	(13,019)
	At 31 December	1,354,066	347,274

		31-Dec-21	31-Dec-20
3.1iv	**Movement in FVTPL - Government Bond**	₦'000	₦'000
	At 1 January	9,149,868	1,886,792
	Addition during the year	11,935,285	13,210,156
	Disposal during the year	(11,425,228)	(7,376,405)
	Interest receivable	31,791	108,617
	Realized (loss)/gain on Bond (Note 29)	(2,851,383)	1,224,408
	Fair value (loss)/gain on bonds (note 30)	(293,384)	96,300
	At 31 December	6,546,950	9,149,868
3.2	**Financial assets at amortised cost**		
	Commercial Paper	-	145,406
	Corporate Bond	-	421,094
	State Bonds	208,250	-
	At 31 December	208,250	566,500
3.2i	**Movement in financial assets at amortised cost**		
	At 1 January	566,500	-
	Addition during the year	3,118,153	583,749
	Disposal during the year	(3,477,884)	-
	Interest receivable	2,556	1,354
	ECL impairment	(1,075)	(18,603)
	At 31 December	208,250	566,500
3.2ii	**Movement in Amortised Cost- Commercial Paper**		
	At 1 January	145,406	-
	Addition during the year	1,708,264	145,722
	Disposal during the year	(1,853,670)	-
	Interest receivable	-	76
	ECL impairment	-	(392)
	At 31 December	-	145,406

		31-Dec-21	31-Dec-20
3.2iii	**Movement in Amortised Cost- Corporate Bond**	**₦'000**	**₦'000**
	At 1 January	421,094	-
	Addition during the year	1,203,120	438,027
	Disposal during the year	(1,624,214)	-
	Interest receivable	-	1,278
	ECL impairment	-	18,211
	At 31 December	-	421,094

		31-Dec-21	31-Dec-20
3.2iv	Movement in Amortised Cost- State Bond	₦'000	₦'000
	At 1 January	-	-
	Addition during the year	206,769	-
	Interest receivable	2,556	-
	ECL impairment	(1,075)	-
	At 31 December	208,250	-

The company is exposed to financial risk through its financial assets (Investments and loans). The key focus of financial risk management for the company is to ensure that the proceeds from financial assets are sufficient to fund its obligations arising from its insurance operations. The most important components of financial risk (market risk) arises from open positions in interest rate, fluctuations in stock prices, inflation, all of which are exposed to general and specific market movement and/or conditions.

Investments above ninety-one days are classified as part of financial assets of the company.

All financial instruments are initially recorded at transaction price. Subsequent to initial recognition, the fair values of financial instruments are values quoted in an active market . When quoted prices are not available, fair value are determined by using valuation techniques that refer as far as possible to observable market data. These are compared with similar instruments where market observable prices exist.

Financial assets at fair value through profit or loss is made up of financial assets designated on initial recognition (quoted equities), treasury bills and FGN Bonds

The realised gain or loss arising from the sale of treasury bills and Bonds was transferred to the income statement.

The table below compares the fair values of the financial instruments to their carrying values:

	31-Dec-21		31-Dec-20	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	₦'000	₦'000	₦'000	₦'000
Financial assets at fair value through profit or loss	6,546,949	6,546,949	9,344,473	9,497,142
Total Financial Assets	6,546,949	6,546,949	9,344,473	9,497,142

Financial Assets at fair value through P or L is made up of:

	31-Dec-21		31-Dec-20	
	Originally Designated carrying amount	Originally Designated Fair value	Originally Designated carrying amount	Originally Designated Fair value
	₦'000	₦'000	₦'000	₦'000
Treasury bills with original maturity <90 days	-	-	347,277	347,274
Treasury bills with original maturity >90 days	-	-	-	-
Government bond	6,546,949	6,546,949	8,997,195	9,149,868
Total	6,546,949	6,546,949	9,344,473	9,497,142

Of the financial assets, the following relates to insurance funds:

	31-Dec-21	31-Dec-20
	₦'000	₦'000
Policyholders funds	6,830,857	6,011,431
Shareholders funds	1,278,406	4,052,210
	8,109,263	10,063,642

4 Trade Receivables

At 1 January	17,164	39,860
Gross premium written	9,316,380	8,004,993
Premium received from policy holders	(9,241,366)	(8,027,689)
Premium deposit received in previous	(59,188)	-
At 31 December	32,990	17,164
Within 30 days	32,990	17,164

Trade receivables are debtors relating to insurance only. All the trade receivables are approximately one month old and are backed-up with credit notes.

		31-Dec-21	31-Dec-20
5	Reinsurance Assets	₦'000	₦'000
	Prepaid reinsurance	1,049,694	651,687
	Prepaid Minimum & Deposit	27,353	20,855
	Reinsurance share of outstanding claims	2,353,965	1,915,920
	Reinsurance share of IBNR	578,727	462,128
	Reinsurance share of claims expenses paid	606,319	156,652
	Total	4,616,058	3,207,242

5a Movement in Reinsurance Assets

31 December 2021	Prepaid Reinsurance	& Deposit Ins. premium prepaid	Reinsurance share of outstanding claims	Reinsurance share of IBNR	Reinsurance share of claims paid but not yet recovered	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
	651,687	20,855	1,915,920	462,128	156,652	3,207,242
Addition during the year	4,645,949	27,353	-	-	1,962,551	6,635,853
Payment received from reinsurance in respect of claim during the year	-	-	-	-	(1,512,884)	(1,512,884)
Amortised during the year	(4,247,941)	(20,855)				
Changes during the year	-	-	438,044	116,599	-	554,644
At 31 December	1,049,694	27,353	2,353,965	578,727	606,319	4,616,058

31 December 2020	Prepaid Reinsurance	Minimum & Deposit Ins. premium prepaid	Reinsurance share of outstanding claims	Reinsurance share of IBNR	Reinsurance share of claims paid but not yet recovered	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
At 1 January	648,033	17,362	979,640	406,134	102,617	2,153,786
Addition during the year	3,707,410	20,855	-	-	900,090	4,628,355
Payment received from reinsurance in respect of claim during the year	-	-	-	-	(846,055)	(846,055)
Amortised during the year	(3,703,756)	(17,362)				
Changes during the year	-	-	936,281	55,994	-	936,281
At 31 December	651,687	20,855	1,915,920	462,128	156,652	3,207,242

(i) Reinsurance receivables are to be settled on demand and the carrying amount is equal to the fair value

(ii) The balance on re-insurance recoveries are set-off against payables from retrocession at the end of every quarter

	31-Dec-21	31-Dec-20
	₦'000	₦'000
Current	3,989,975	2,431,674
Non current	626,083	775,568
	4,616,058	3,207,242

		31-Dec-21	31-Dec-20
6	**Deferred Acquisition Cost**	₦'000	₦'000
	At 1 January	349,013	299,554
	Acquisition cost during the year	1,694,965	1,450,501
	Amortised during the year	(1,674,898)	(1,401,042)
	At 31 December	369,081	349,013
	Current	369,081	349,013
	Non current	-	-
		369,081	349,013

Deferred Acquisition Cost relates commission expense on unearned Premium which was measured on time apportionment basis covering the policy period.

		31-Dec-21	31-Dec-20
7	**Other receivables and prepayments**	₦'000	₦'000
	Prepaid rent	12,492	3,204
	Prepaid insurance expenses (owned assets)	6,697	4,698
	Prepaid Software maintenance	2,040	9,230
	Staff Loans (7.1)	166,471	-
	Staff Loans (7.2)	20,653	5,322
	Receivable from related party - FBN Insurance Ltd	-	394
	Receivable on Statutory deposit	5,526	3,157
		213,880	26,004
7.1	**Staff Loans**		
	Opening Balance	-	-
	Addition	223,382	-
	Interest earned	9,053	
	Loan repayment	(50,938)	-
	Total	181,497	-
	Fairvalue on staff loans	(15,026)	-
	At 31 December	166,471	-

The fair value of staff loans is the difference between 6% interest rate to staff and 11% commercial rate. The difference is amortized into staff costs over the duration of the loans.

7.2	**Other Staff advances**		
	Prepaid expenses	3,543	5,322
	Prepaid Staff loans Valuation	17,110	-
		20,653	5,322
	Current	30,298	26,004
	Non current	183,581	-
		213,880	26,004

		31-Dec-21	31-Dec-20
		₦'000	₦'000
8	**Investment properties**		
	At 1 January	100,000	100,000
	Addition during the year	-	-
	Disposal during the year	(90,000)	-
	Realised loss	(10,000)	
	At 31 December	-	100,000.00
	Current	-	-
	Non current	-	100,000
		-	100,000

Of the investment properties, the following relates to insurance funds:

	31-Dec-21	31-Dec-20
Policyholders funds	-	-
Shareholders funds	-	100,000
	-	100,000

2021	1-Jan-21	Addition	Disposal	Realised Loss	31-Dec-21
	₦'000	₦'000	₦'000	₦'000	₦'000
Block of two units of three - bedroom flats and two units of two bedroom flats situated at No. 9 (plot No. 194), Makeni Street, Zone 6, Wuse Abuja.	100,000	-	(90,000)	(10,000)	-
	100,000	-	(90,000)	(10,000)	-

2020	1-Jan-20	Addition	Disposal	Fair Value	31-Dec-20
	₦'000	₦'000	₦'000	₦'000	₦'000
Block of two units of three - bedroom flats and two units of two bedroom flats situated at No. 9 (plot No. 194), Makeni Street, Zone 6, Wuse Abuja.	100,000	-	-	-	100,000
	100,000	-	-	-	100,000

The investment property at situated at No. 9 (plot No. 194), Makeni Street, Zone 6, Wuse Abuja, was disposed at N90m during the year hence the realised loss of N10m on disposal

FBN GENERAL INSURANCE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS

9 Property, plant and equipment

2021	Land	Building	Motor vehicles	Furniture & fittings	Plant & machinery	Office equipment	Computer hardware	Total
Cost:	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
At 1 January	434,595	736,420	311,924	51,875	28,584	59,250	74,162	1,696,811
Additions	-	735	165,200	467	260	32,640	19,397	218,699
Disposal	-	-	(69,997)	-	-	(17,640)	-	(87,637)
At 31 December	434,595	737,155	407,127	52,342	28,844	74,250	93,559	1,827,873
Depreciation:								
At 1 January	-	155,836	244,143	37,691	18,151	52,769	65,310	573,900
Charge for the year	-	14,733	65,133	5,416	3,924	6,274	12,438	107,917
Disposals	-	-	(69,997)	-	-	(17,640)	-	(87,637)
At 31 December	-	170,569	239,279	43,106	22,075	41,403	77,748	594,181
Carrying amount at end of								
At 31 December	434,595	566,587	167,848	9,236	6,769	32,847	15,811	1,233,693

Property, plant and equipment

2020

	Land	Building	Motor vehicles	Furniture & fittings	Plant & machinery	Office equipment	Computer hardware	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost:								
At 1 January	434,595	734,349	302,210	48,809	28,584	57,507	68,099	1,674,153
Additions	-	2,071	17,398	3,090	-	1,982	8,137	32,679
Disposal	-	-	(7,684)	(24)	-	(239)	(2,074)	(10,020)
At 31 December	434,595	736,420	311,924	51,875	28,584	59,250	74,162	1,696,811
Depreciation:								
At 1 January	-	141,126	190,909	31,498	13,821	45,942	57,268	480,564
Charge for the year	-	14,710	60,917	6,217	4,331	7,046	10,116	103,336
Disposals	-	-	(7,683)	(24)	-	(219)	(2,074)	(10,000)
At 31 December	-	155,836	244,143	37,691	18,151	52,769	65,310	573,900
Carrying amount								
At 31 December	434,595	580,584	67,781	14,185	10,433	6,481	8,852	1,122,911

	31-Dec-21	31-Dec-20
	₦'000	₦'000
Current	-	-
Non current	1,233,693	1,122,911
	1,233,693	1,122,911

The property, plant and equipment are carried at deemed cost. The property, plant and equipment are available for inspection at the company's registered office. The properties are located in Lagos (Ikorodu Road, Anthony), Abuja (Garki) and Oshogbo (Sabo). The additions to building is the cost incurred on renovation of property located in Lagos (Ikorodu Road, Anthony). As at 31 December 2021, the property, plant and equipment are not encumbered.

FBN GENERAL INSURANCE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS

9.1a Impairment losses recognized in the year

Impairment losses recognized in respect of Property, Plant and Equipment in the year 2021 was Nil (2020:Nil)

9.1b Contractual commitments

At 31 December 2021, the Company had no contractual commitments for the acquisition/renovation of property, plant and equipment. (2020 :Nil)

		31-Dec-21	31-Dec-20
10	**Statutory deposit**	300,000	300,000
	Current	-	-
	Non current	300,000	300,000

This represent the amount held with the Central Bank of Nigeria in accordance with Section 10(3) of the Insurance Act 2003. The deposit is not available for the day to day operations of the company. The Central Bank however pays Bi-annual interest on the deposit and the effective average rate stood at 3% per annum in 2021.

11	**Insurance contract liabilities**		
	Reserves for unearned premium (note 12.1)	2,158,203	1,827,751
	Reserves for outstanding claims (note 12.2)	3,844,019	3,051,141
	Incurred but not reported (IBNR) (note 12.3)	1,200,706	933,696
		7,202,927	5,812,588

11.1	**Reserves for unearned Premium**	**At 1-Jan-2021**	**Increase/ (Decrease)**	**At 31-Dec-2021**
		₦'000	**₦'000**	**₦'000**
	Motor	312,796	31,045	343,841
	Marine	147,484	(28,803)	118,681
	Bond	3,064	4,104	7,168
	Engineering	75,172	20,942	96,114
	Fire	447,090	(30,119)	416,971
	General accident	202,696	44,443	247,139
	Oil &Gas	639,449	288,839	928,288
		1,827,751	330,452	2,158,203

11.2	**Reserves for outstanding claims**	**At 1-Jan-2021**	**Increase/ (Decrease)**	**At 31-Dec-2021**
		₦'000	**₦'000**	**₦'000**
	Motor	89,113	9,573	98,686
	Marine	37,012	1,360,097	1,397,108
	Bond	-	-	-
	Engineering	36,733	34,982	71,715
	Fire	1,819,078	(613,509)	1,205,569
	General accident	566,811	213,300	780,111
	Oil & Gas	502,395	(211,565)	290,829
		3,051,141	792,878	3,844,019

11.3 Incurred but not reported (IBNR)

	At 1-Jan-2021 ₦'000	Increase/ (Decrease) ₦'000	At 31-Dec-2021 ₦'000
Motor	89,571	88,477	178,048
Marine	80,200	55,052	135,252
Bond	2,094	(940)	1,154
Engineering	15,906	11,539	27,445
Fire	239,153	(106,414)	132,739
General accident	176,666	134,254	310,920
Aviation	-	-	-
Oil & Gas	330,106	85,042	415,148
	933,696	267,010	1,200,706
Total Insurance contract liabilities	5,812,587	1,390,340	7,202,926

11.4 Age analysis of outstanding claims as 31 December, 2021

	31-Dec-21 ₦'000	31-Dec-20 ₦'000
<=30 days	154,203	85,843
31- 90 days	1,547,624	1,748,400
91-180 days	68,070	155,554
181-365 days	472,455	232,381
Above 365 days	1,601,666	828,962
	3,844,019	3,051,141

All fully documented claims with executed discharge vouchers are paid immediately.

The outstanding claims relate to those claims with incomplete or lack of documentations, delay in adjusters' reports, awaiting executed discharge vouchers and awaiting conclusion from lead underwriters.

	31-Dec-21 ₦'000	31-Dec-20 ₦'000
Current	2,242,352	2,275,481
Non current	4,960,574	3,537,107
	7,202,926	5,812,588

11.5 Estimates of incurred but not reported (IBNR) claims liability and calculation of unearned premium was developed by the management of the company with the use of a professional actuary (Alexander Forbes Financial Services), certified firm of actuaries with FRC registration number FRC/2013/00000000000504.

Management believes that the carrying amount of insurance liabilities represents a reasonable approximation of fair value.

		31-Dec-21 ₦'000	31-Dec-20 ₦'000
12	**Trade Payables**		
	Amount due to reinsurers (12.1)	311,718	257,948
	Premium deposit (12.2)	351,424	59,188
	Deferred commission revenue (note 25)	146,716	106,205
		809,858	**423,342**
	Current	809,858	423,342
	Non current	-	-
		809,858	**423,342**
12.1	**Amount due to reinsurers**		
	At 1 January	257,948	-
	Reinsurance premium incurred (Note 24)	4,645,949	3,707,410
	Reinsurance premium paid	(4,592,178)	(3,449,462)
	Balance at 31 December	**311,719**	**257,948**

12.2 Premium deposit relates to premium deposited by clients awaiting documentation for inception of the polices.

		31-Dec-21 ₦'000	31-Dec-20 ₦'000
13	**Provisions and other payables**		
	Accrued expenses (note 13. 1)	317,776	413,262
	Accrued audit fees	8,000	8,000
	WHT & VAT payable	20,374	66,696
	NITDF levy (note 13.2)	26,043	22,022
	Other payables (13.3)	40,095	20,947
		412,288	**530,926**
	Current	412,288	530,926
	Non current	-	-
		412,288	**530,926**

13.1 Accrued expenses

Accrued expenses include professional fees payable to the Actuary, Tax consultants Estate Surveyors & Valuers, Supervisory levy, ITF, stamp duty, accrued utility bills, accrued advert and publicity (printing and publication of 2021 financial statements) and accrued staff benefits.

13.2 **NITDF Levy**

In line with the Nigerian Information Technology Development Agency (NITDA) Act, the Company has provided for technology tax at the specified tax rate of 1% (2020: 1%) of the profit before tax for the year.

13.3 **Other payable**

Other payable relate to professional fees in respect of claims paid to clients and it includes survey and adjuster fees. Also included are the direct payments into our accounts without proper description.

The carrying value of other liabilities approximates fair value

		31-Dec-21	31-Dec-20
14	**Tax liabilities**		
	Company income tax payable:	₦'000	₦'000
	At 1 January	166,591	82,171
	Income tax for the year (note 35)	54,270	144,638
	Tax paid during the year	(129,158)	(60,219)
	At 31 December	91,702	166,591
15	**Deferred tax liabilities**		
	At 1 January	200,300	109,726
	Income statement charge (note 35)	60,111	90,574
	At 31 December	260,411	200,300
16	**Capital & Reserves**		
	Share Capital		
	Authorized Share Capital:		
	10,000,000,000 Ordinary Shares of 50 kobo each	5,000,000	5,000,000
	Issued and fully Paid up Share Capital:		
	At 1 January	5,000,000	3,951,753
	Additions during the year	-	1,048,247
	At 31 December	5,000,000	5,000,000
	All authorised shares are fully issued and paid		
17	**Share Premium**		
	At 1 January	410,961	410,961
	Share issue expenses	-	-
	At 31 December	410,961	410,961

19 Contingency reserves

In accordance with the Insurance Act, a contingency reserve is credited with the greater of 3% of total premium or 20% of net profit (i.e. profit after tax) until the reserve reaches the greater of minimum paid up capital or 50% of net premium for General Business.

At 1 January	1,336,272	948,946
Transfer from retained earnings	279,491	387,326
At 31 December	**1,615,763**	**1,336,271**

	31-Dec-21	31-Dec-20
	₦'000	₦'000
20 Retained (deficits)/earnings		
At 1 January	1,543,874	(5,433)
(Loss)/Profit attributable to owners of the company	(1,792,024)	1,936,633
Transfer to contingency reserve	(279,491)	(387,327)
At 31 December	**(527,641)**	**1,543,874**
21 Assets Revaluation Surplus		
At 31 December	**517,133**	**517,133**
22 Gross premium written		
Direct premium	9,265,972	7,958,766
Inward reinsurance premiums	50,408	46,227
	9,316,380	**8,004,993**
23 Gross premium income		
Gross written premium	9,316,380	8,004,993
Increase in unearned premium	(330,452)	(180,869)
	8,985,928	**7,824,124**
24 Reinsurance premium expense		
Reinsurance premium Incurred	4,645,949	3,707,410
Change in prepaid reinsurance	(398,007)	(3,654)
	4,247,942	3,703,756
Minimum & deposit premium amortised during the year	276,244	241,283
	4,524,185	**3,945,039**

		31-Dec-21	31-Dec-20
25	**Fee and commission income-insurance contracts**	₦'000	₦'000
	Commission income on reinsurance premium	735,202	608,752
	Change in deferred commission revenue	(40,511)	4,348
		694,691	613,100
	Movement in deferred commission revenue		
	At 1 January	106,205	110,553
	Change during the year	40,511	(4,348)
	At 31 December	146,716	106,205

Commission income on reinsurance premium is as earned on premium ceded out, rate of which varies per product in line with our reinsurance agreement with respective reinsurers.

26	**Claims expense**		
	Direct claims paid	3,077,283	1,599,464
	Increase in outstanding claims	792,878	1,169,688
	Increase in Incurred But Not Reported	267,010	125,613
	Total claims incurred	4,137,171	2,894,765
26a	**Insurance Claims Recovered from Reinsurers**		
	Reinsurance share of claims paid during the year	1,962,551	900,090
	Changes in reinsurance share of outstanding claims	438,045	936,281
	Changes in reinsurance share of IBNR	116,599	55,994
	Claims recoveries from reinsurance	2,517,195	1,892,365

		31-Dec-21	31-Dec-20
		₦'000	₦'000
27	**Underwriting expenses**		
	Acquisition expenses (note 27a)	1,674,898	1,401,042
	Maintenance cost	202,726	150,799
		1,877,624	1,551,841
27a	**Analysis of Acquisition Expenses:**		
	At 1 January (note 6)	349,013	299,554
	Acquisition cost during the year	1,694,965	1,450,501
		2,043,978	1,750,055
	Deferred acquisition cost at 31 December (note 6)	(369,081)	(349,013)
	Total acquisition cost for the year	1,674,898	1,401,042

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NOTES TO THE FINANCIAL STATEMENTS

		31-Dec-21	31-Dec-20
		N'000	N'000
28	Investment Income		
	Interest income - bank deposits	54,644	20,742
	Interest on statutory deposit	9,994	42,298
	Interest on treasury bills	168,724	172,218
	Interest on bond	552,105	520,204
	Interest on Commercial Paper	72,112	76
	Dividend income	14	134
		857,593	755,672
	Loss - Amortisation of Premium/Discount paid on bond	-	(116,056)
		857,593	639,616
	Investment Income attributable to policyholders	309,406	296,428
	Investment Income attributable to shareholders	548,188	343,188
		857,593	639,616
28a	Investment Income		
	Investment receivables at 1 Jan	109,998	408,169
	Interest earned during the year	704,842	234,349
		814,840	642,518
	Interest receivable on Statutory deposit (note 7)	5,526	3,157
	Interest receivable at 31 Dec	37,227	109,998
		857,593	755,673
29	**Net realised gain/(loss) on financial assets**		
	Realised (loss) on sales of unquoted equity securities	-	(598)
	Realized (loss) on Investment Property	(10,000)	
	Realized gain on Treasury bills	97,878	20,481
	Realized (loss)/gain on Bond (Note 3.1iv)	(2,851,383)	1,224,408
	Realized gain on Commercial Papers	10,677	-
		(2,752,827)	1,244,291

		31-Dec-21	31-Dec-20
30	**Net fair value gains/(loss) on financial assets at fair value through profit or loss**	₦'000	₦'000
	Fair value gain on unquoted equity investment	-	(105,000)
	Fair value (loss)/gain on bonds (note 3.1iv)	(293,384)	96,300
	Fair value (loss) on treasury bills	(162)	(13,019)
		(293,546)	(21,719)
31	**Other Operating Income**		
	Gain on disposal of property, plant and equipment (note 31.1)	685	1,135
	Unrealised foreign exchange gain (note 31.2)	424,524	127,372
	Interest on Loans	9,053	-
	Sundry income	7	176
		434,269	128,683
31.1	**Gain on disposal of property, plant and equipment**		
	Proceeds from disposal of property, plant and equipment	685	1,156
	Cost of PPE disposed	(87,637)	(10,020)
	Accumulated depreciation	87,637	10,000
	Gain on disposal	685	1,135

31.2 The unrealised foreign exchange gain is from valuation of FX position as at 31 December, 2021.

32	**Employee benefit expenses**		
	Wages and salaries	746,177	871,260
	Pension cost	42,181	39,152
		788,358	910,412

		31-Dec-21	31-Dec-20
		₦'000	₦'000
33	**Other operating and administrative expenses**		
	Directors emoluments' and board expenses	122,150	197,159
	Staff training	39,039	39,530
	Consultancy/Professional fees	130,959	102,228
	Depreciation	107,917	103,336
	Repairs and maintenance expenses	107,793	117,692
	Vehicle running/repairs	33,374	20,579
	Printing and stationery	4,303	5,826
	Advert and publicity	7,473	12,742
	Travels and accommodation	1,943	1,939
	Supervisory levy	94,286	76,097
	Rent and rates	15,704	15,714
	Entertainments	2,232	1,517
	Auditors' remuneration	8,000	8,000
	Bank charges	36,180	23,026
	Postages and telephone	8,331	9,470
	Dues and Subscription	23,140	21,891
	NITDEF Levy	4,022	22,022
	Insurance expenses	16,195	13,085
	Other administrative expenses	45,517	35,391
		808,557	827,243

34 ECL Impairment Allowance on Cash and Cash Equivalents and Financial Assets at Fair Value Through Other Comprehensive Income

	At 1-Jan-2021 ₦'000	Additions/ Reversals ₦'000	At 31-Dec-2021 ₦'000
Treasury bills	-	-	-
Cash and Cash equivalents	1,653	2,579	4,233
Commercial Paper	392	(392)	-
Corporate Bonds	18,211	(18,211)	-
State Bonds	-	1,075	1,075
	20,256	(14,949)	5,308

35 Taxation	31-Dec-21 ₦'000	31-Dec-20 ₦'000
Analysis of tax charge for the year		
Loss before tax	(1,677,643)	2,171,846
Taxable expenses	(11,302,932)	(8,685,565)
Tax free income	10,868,773	8,014,084
Taxable Profit	**(434,159)**	**(671,481)**
Income tax minimum	43,416	131,210
Education tax at 2%	10,854	13,429
Capital gains tax	-	-
Current tax on income for the year	**54,270**	**144,638**
Deferred tax charge (temporary difference)	60,111	90,574
Tax on profit on ordinary activities	**114,381**	**235,212**
Effective Tax Rate	**-7%**	**11%**

35b Education tax has been computed at the rate of 2% (2019:2%) on assessable profit for the year.

35c In line with the Nigerian Information Technology Development Agency (NITDA) Act, the Company has provided for technology tax at the specified tax rate of 1% (2019: 1%) of the profit before tax for the year.

36 **Earnings Per Share**

Basic Earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary share in issue during the year:

(Loss)/Profit attributable to equity holders	(1,792,024)	1,936,634
Weighted number of ordinary shares at the end of the year	10,000,000	10,000,000
Basic Loss/Earnings per share	(18kobo)	19kobo

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NOTES TO THE FINANCIAL STATEMENTS

37 Hypothecation

Assets and liabilities representing the funds

	Policyholders Fund	Shareholders fund	31-Dec-21
	₦'000	₦'000	₦'000
Assets			
Cash and cash equivalents	516,087	402,351	918,439
Financial assets:			
Treasury bills	1,354,066	-	1,354,066
FGN bonds	5,476,791	1,070,158	6,546,950
Corporate Bond	-	-	-
State Bonds	-	208,250	208,250
Trade receivables	-	32,990	32,990
Reinsurance assets	4,616,058	-	4,616,058
Deferred acquisition cost	-	369,081	369,081
Other receivables & prepayments	-	213,880	213,880
Property, plant and equipment	-	1,233,693	1,233,693
Statutory deposits	-	300,000	300,000
Total assets	11,963,003	3,830,402	15,793,405
Liabilities			
Insurance contract liabilities	7,202,927	-	7,202,927
Trade payables	-	809,858	809,858
Provision and other payables	-	412,288	412,288
Income tax liabilities	-	91,702	91,702
Deferred tax liabilities	-	260,411	260,411
Total liabilities	7,202,927	1,574,260	8,777,187
Surplus	4,760,075	2,256,142	7,016,217

Assets and liabilities representing the funds

	Policyholders Fund	Shareholders fund	31-Dec-20
	₦'000	₦'000	₦'000
Assets			
Cash and cash equivalents	429,387	326,625	756,012
Financial assets:			
Treasury bills	347,274	-	347,274
FGN bonds	5,664,157	3,485,710	9,149,868
Corporate Bond	-	421,094	421,094
Commercial Paper	-	145,406	145,406
Trade receivables	-	17,164	17,164
Reinsurance assets	3,207,242	-	3,207,242
Deferred acquisition cost	-	349,013	349,013
Other receivables & prepayments	-	26,004	26,004
Investment properties	-	100,000	100,000
Property, plant and equipment	-	1,122,911	1,122,911
Statutory deposits	-	300,000	300,000
Total assets	9,648,060	6,293,928	15,941,988

Liabilities			
Insurance contract liabilities	5,812,588	-	5,812,588
Trade payables	-	423,342	423,342
Provision and other payables	-	530,926	530,926
Income tax liabilities	-	166,591	166,591
Deferred tax liabilities	-	200,300	200,300
Total liabilities	5,812,588	1,321,159	7,133,746
Surplus	3,835,472	4,972,769	8,808,242

38 **Directors' emoluments**

Remuneration paid to the directors of the Company were as follows:	31-Dec-21	31-Dec-20
Short term benefits:	₦'000	₦'000
- Directors fees	18,090	12,900
- Directors sitting allowances	19,760	1,605
- Directors compensation	84,300	180,134
Other Directors expenses	-	2,520
	122,150	197,159
Fees and other emoluments disclosed above include amounts paid to :		
The Chairman	7,752	24,046
The highest paid director	49,588	46,947

39 The number of directors excluding the chairman whose emoluments were within the following range were:

	31-Dec-21	31-Dec-20
NGN	Number	Number
Below N5,000,000	-	-
N5,000,000- N10,000,000	5	-
N10,000,000 and above	2	7
	7	7

40 **Employee**

Average		
Principal Manager - Managing Director	3	3
Assistant Manager - Senior Manager	25	23
Below Assistant Manager	50	55
TOTAL	78	81
	N'000	N'000
Total Staff Cost	788,358	910,412

40a The number of employees of the company, other than directors, who received emoluments in the following ranges was:

NGN	31-Dec-21 Number	31-Dec-20 Number
N1,000,001 - N1,500,000	-	-
N1,500,001 - N2,000,000	-	-
N2,000,001 - N2,500,000	-	-
N2,500,001 - N3,000,000	2	20
N3,000,001 - N3,500,000	17	4
N3,500,001 - N4,000,000	-	-
Above N4,000,000	59	57
	78	81

40b Pension	31-Dec-21	31-Dec-20
Amount charged to profit or loss account are:	N'000	N'000
Pension	42,181	39,152

The company operates a defined contribution pension scheme. The scheme is fully funded and is managed by licensed Pension Fund Administrators. Membership of the scheme is automatic in line with the Pension Reform Act of 2004. The Company's and the employees' contributions are at the rate of 16.5% and 8.5% respectively of basic salary, transport and entertainment allowances. Employee contributions to the scheme are funded through payroll deductions while the company's contribution is charged to employee benefit expense in the profit and loss account. Once contributions are made, the company has no legal or constructive obligation to make further contributions to the fund even when the Fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

41 Events after the reporting period

There were no events after the reporting period which could have a material effect on the financial position of the Company as at 31 December 2021 or the profit for the year ended.

42 Penalties paid

The company did not pay any penalty in year 2021 (2020: NIL)

43 Contingent liabilities

There were no contingent liabilities at the year end.

44 Capital commitments

The Company has no capital commitments as at 31 December, 2021. (2020: NIL)

45 Guarantees

The company did not charge any of its assets to secure liabilities of third parties (2020: NIL)

46 Financial commitments

The Directors are of the opinion that all known liabilities and commitments, which are relevant in assessing the company's state of affairs have been taken into consideration in the preparation of these financial statements.

47 Comparative figures

Certain comparative figures have been reclassified in line with the presentation in the current year for a more meaningful comparison in the profit or loss under other comprehensive income.

48 Impact of Covid-19 Assessment

The emergence of the COVID-19 pandemic in the last quarter of 2019 continued to disrupt global economic activities for most parts of 2021 financial year.

Most of the markets where FBN General Insurance Limited operates were subjected to a form of COVID-19 lockdown or curfew, which inhibited new business sales. Major business metrics were negatively impacted. The Present Value of New Business (VNB) suddenly turned negative resulting from adverse variance recorded in new business generation. The company recorded 16% growth in 2021 (2020: 9%) in Gross Premium (GPW). There were no Covid-19 related cases in the claims Incurred during the year.

In response to Covid-19 pandemic effect on business activities, FBN General Insurance Limited relied mostly on technology and remote working by the workforce with minimal impact on the operations of the Company. In line with the commitment of the Company to employee's safety and welfare, all Covid-19 intervention protocol and guidelines were strictly observed.

49 Approval of the audited financial statements

The Audited Financial Statements were approved by the Board of Directors on 31 March, 2022.

50 DETAILED REVENUE ACCOUNT

	MOTOR	MARINE	BOND	ENGINEERING	FIRE	GEN. ACCIDENT	OIL & GAS	TOTAL
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Gross Premium	1,129,057	386,433	23,081	410,515	1,597,552	1,995,669	3,774,072	9,316,380
	343,841	118,681	7,168	96,114	416,971	247,139	928,288	2,158,203
Unexpired Risk B/F	312,796	147,484	3,064	75,172	447,090	202,696	639,449	1,827,751
Premium	31,045	(28,803)	4,104	20,942	(30,119)	44,443	288,839	(330,452)
Gross Premium Earned	1,098,012	415,236	18,977	389,573	1,627,671	1,951,226	3,485,233	8,985,928
Reinsurance Cost	(174,543)	(254,161)	(15,511)	(148,437)	(1,003,744)	(1,006,387)	(1,921,402)	(4,524,185)
Net Premium Earned	923,469	161,074	3,466	241,136	623,927	944,839	1,563,831	4,461,743
Commission Earned	27,492	67,062	4,171	36,234	269,291	244,592	45,849	694,691
Total Income	**950,961**	**228,137**	**7,637**	**277,370**	**893,218**	**1,189,431**	**1,609,680**	**5,156,434**
Total Claims Paid	640,208	40,949	111,827	101,566	1,060,781	315,714	806,238	3,077,282
Outstanding Claims C/F	276,734	1,532,360	1,154	99,160	1,338,308	1,091,031	705,977	5,044,724
Outstanding Claims B/F	178,684	117,212	2,094	52,639	2,058,231	743,477	832,501	3,984,837
Outstanding Claims	98,050	1,415,148	(940)	46,522	(719,923)	347,554	(126,523)	1,059,888
Net Claims Paid	738,258	1,456,097	110,887	148,087	340,858	663,268	679,715	4,137,170
Claims Recovery	(193,250)	(1,321,089)	(89,981)	(103,106)	28,580	(159,188)	(679,160)	(2,517,195)
Net Claims Incurred	**545,008**	**135,008**	**20,905**	**44,981**	**369,438**	**504,080**	**555**	**1,619,975**
Acquisition Expenses	(120,880)	(67,196)	(3,299)	(69,953)	(347,360)	(362,896)	(703,314)	(1,674,898)
Maintenance Cost	(24,569)	(8,409)	(502)	(8,933)	(34,763)	(43,426)	(82,125)	(202,726)
Underwriting Profit	**260,505**	**17,523**	**(17,069)**	**153,503**	**141,656**	**279,029**	**823,687**	**1,658,834**

51 **Financial Risk Management**

This note explains the Company's exposure to financial risks and how these risks could affect The Company's future financial performance.

The Company's risk management is carried out by the risk management department under policies approved by the board of directors. The board provides written principles for overall risk management, as well as policies covering specific financial risks: market risk (including foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk.

The company is exposed to financial risk through its financial assets, reinsurance assets and insurance liabilities. The key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts and other liabilities.

These risks are as a result of open positions in interest rate, currency and equity products, all of these are exposed to general and specific market fluctuations/movements. The risks that the company primarily faces due to the nature of its investment and liabilities are interest rate risk, liquidity risk and equity price risk.

52 **Financial Risks Management Strategy and Policy**

The company manages these positions through its Finance and General Purpose committee who from time to time evaluate financial assets with a view to achieving long-term investment returns in excess of its obligation under insurance and investment contracts. The principal technique of the committee is to seek the investments that bring maximum returns to cover the company's liabilities as well as seeking to maximize the return on shareholders' and policyholders' funds.

53 **Capital Management Policy**

The company has a shareholders' fund of N7b which is above the statutory capital of N3b required for a non-life insurance company.

The company has as at 31 December, 2021 complied with section 24 of the Insurance Act, 2003. This is to say that the company has in respect of its non-life business maintained a margin of solvency of N7.2bn as defined under section 24 (1), (2).

Minimum Capital requirement

The company exceeded the minimum capital requirement consistently

The table below show solvency margin computation for the company as at 31 December 2021

The Solvency Margin for FBN General Insurance as at 31 December 2021 is as follows:

	₦'000	₦'000
Admissible Assets		
Cash & Cash equivalents	918,439	
Fair value through profit or loss	7,901,014	
Amortised Cost	208,250	
Trade receivable	32,990	
Reinsurance assets	4,616,058	
Deferred acquisition cost	369,081	
Other receivables & prepayments	187,124	
Investment property	-	
Property plant & equipment (Land & Building)	1,000,000	
Property plant & equipment (Others)	232,511	
Statutory deposit	300,000	
Total Admissible Assets (a)		15,765,466
Insurance contract liabilities	7,202,927	
Provision & other trade payables	1,222,146	
Provision for current tax	91,702	
Total Admissible Liabilities (b)		8,516,776
SOLVENCY MARGIN (a-b)		**7,248,690**
Subject to Higher of:		
15% of Net premium income	669,261	
or		
Minimum Capital Requirement	3,000,000	3,000,000
Gross Solvency Ratio		242%
Net Solvency Ratio		142%

During the year the solvency margin was 242% (2020: 296%).

Capital is actively managed with a focus on capital efficiency and effective risk management. The capital objectives are to ensure that the company is properly capitalized and funded at all times, having regard to its regulatory needs, prudent management and the needs of all stakeholders.

Precisely, the company has adopted the following capital management policies:

(i) Maintenance, as a minimum, of capital sufficient to meet the statutory requirement.

(ii) An Economic Capital at Risk (ECaR) approach is also used by the management and the board to ensure that obligations to policyholders can be met in adverse circumstances

(iii) Maintenance of an appropriate level of liquidity at all times. The company further ensures that it can meet its expected capital and financing needs at all times, having regard to business plans to guarantee its going concern status, forecast and any strategic initiatives

Sensitivities

The company has both qualitative and quantitative risk management procedures to monitor the key risks and sensitivities of the business. This is achieved through scenario analysis and risk assessments. From an understanding of the principal risks, appropriate risk limits and control are defined. The Enterprise Risk Management committee plays a major role here.

The risk types affecting the surplus capital of the company are market risk, credit risk, liquidity risk, liability risk, business risk and operational risk.

The table below shows the sensitivity of the company's capital to changes in key assumptions:

At 31 December, 2021	N'000
Shareholders Fund	7,016,215
Increase company's liabilities by 5%	(438,859)
Decrease investment portfolio excluding equity investment by 5%	(451,385)
Total new capital in the effect of shock	6,125,971

Credit risk is the risk that counterparty of a financial instrument does not settle a liability and thus expose FBN General Insurance Ltd to a loss.

The company does not use reinsurance to manage significant credit risk. The company is exposed to credit risk through its investment holdings backing the policyholder liabilities and in shareholders' funds.

The Company's specific credit risk objectives, as contained in the Risk Assets Acceptance Criteria (RAAC) and Credit Risk Policy, are:

- maintenance of an efficient risk assets portfolio;
- adequately diversify the Company's risk assets and minimise concentration risk;
- institutionalization of sound credit culture in the Company; and
- achieve consistent and continuous income stream for the Company.

Management of credit risk

The Board of Directors is responsible for oversight of the Company's credit risk, including:

- Formulating credit policies for The Company, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to the Board of Directors as appropriate.
- Reviewing and assessing credit risk in all credit exposures prior to making commitment to customers. Renewals and reviews of facilities are subject to the same review process.
- Developing and maintaining The Company's criteria for categorising exposures, and to focus management on the attendant risks. The responsibility for approving and reviewing the Risk Assets Acceptance Criteria and Credit Risk Policy lies with the Board of Directors.
- Reviewing compliance of with exposure and concentration limits, and promotion of best practices throughout The Company in the management of credit risk.

Credit Risk Measurement

The Company undertakes lending activities after careful analysis of the borrowers' general character, capacity to repay, cash flow, credit history, organisational/management quality, financial condition, market position, business operations, industry and other factors. The Company acknowledges that there are diverse intrinsic risks inherent in the vagaries of its business segments and, as a result, applies different parameters to adequately dimension the risks in each business segments.

The Company's rating grades as defined by the Board of Directors, covering all The Company's credit exposure to corporate, commercial, conglomerates and multinationals. Obligor rating in The Company is handled by Relationship Managers with further review by Risk Management and Control before it goes through the approval process.

The relationship between The Company's internal rating system and the external rating system (Agusto & Co.) is shown below:

External rating	Internal rating	Description	Characteristics
AAA	A	Highly Outstanding Investments	• Highest investment quality • Lowest expectation of default risk • Exceptionally strong capacity for timely payment of financial commitments • Capacity is highly unlikely to be adversely affected by unforeseeable events • Top multinationals / corporations • Strong equity and assets • Good track record • Cash flows
AA A	B	Above Average Investments	• Very high investment quality • Very low expectation of default risk • Very strong capacity for timely payment of financial commitments • Capacity is not significantly vulnerable to unforeseeable events. • Typically large corporates in stable industries and with significant market share • Very strong balance sheets with high liquid assets
BBB BB B	C	Average Investments	• Good investment quality • Low expectation of default risk. • Capacity for timely payment of financial commitments is considered adequate • Adverse changes in circumstances and in economic conditions is more likely to impair capacity for payment • Typically in stable industries • Strong debt repayment capacity and coverage • Good asset quality and liquidity position • Very good management

1	CCC	D	Acceptable Investments	• Average investment quality • Possibility of default risk developing, particularly as the result of adverse economic changes over time • Category is acceptable as business or financial alternatives may be available to allow financial commitments to be met • Good character of owner • Good management but depth may be an issue • Typically good companies in cyclical industries
	CC			
	C	E	Unacceptable Investments	• High risk investment quality • High probability of partial loss • Financial condition is weak but obligations are still being met as and when they fall due • Adverse changes in the environment will increase risk significantly • Very weak credit fundamentals which make full debt repayment in serious doubt • Bleak economic prospects • Lack of capacity to repay unsecured debt
	D			

The Company's operational measurements for credit risk are in conformity with the impairment allowances required under the applicable reporting standard - IAS 39, and are based on losses that have been incurred at the date of the statement of financial position, that is the 'incurred loss model' rather than expected losses.

The estimation of credit exposure is complex and requires the use of models, as the value of a product varies with changes in market variables, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties

The Company has developed models to support the quantification of the credit risk These rating and scoring models are in use for all key credit portfolios and form the basis for measuring default risks. In measuring credit risk of loan and advances at a counterparty level, the Company considers three components: (i) the 'probability of default' (PD) by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Company derive the 'Exposure At Default' (EAD); and (iii) the likely recovery ratio on the defaulted obligations (the 'Loss Given Default') (LGD). The models are reviewed regularly to monitor their robustness relative to actual performance and amended as necessary to optimise their effectiveness.

For debt securities, external ratings such as GCR, Moody's Agusto & Co, Fitch, Standard & Poor's rating or their equivalents are used by Risk Management department for managing of the credit risk exposures as supplemented by The Company's own assessment through the use of internal ratings tools.

Maximum exposure to credit risk

The Company's credit risk exposures relating to on-balance sheet assets are as follows:

Overall credit risk	31-Dec-21	31-Dec-20
	N'000	N'000
Reinsurance contracts	4,616,058	3,207,242
Trade receivables	32,990	17,164
Short Term funds treated as investment	598,923	405,562
Treasury bills	1,354,066	347,274
Cash and bank	922,672	757,665
FGN Bonds	6,546,949	9,149,868
State Bonds	206,769	-
Commercial Paper	-	145,722
Corporate Bonds	-	438,027
	14,278,426	14,468,523

The table below analyses end of the year values of the above exposures:

	Fair value as at 2021	Fair value as at 2020
	N'000	N'000
Reinsurance contracts	4,616,058	3,207,242
Trade receivables	32,990	17,164
Short term funds treated as investment	598,923	405,562
Treasury bills	1,354,066	347,274
Cash and bank	922,672	757,665
FGN Bonds	6,546,949	9,149,868
State Bonds	206,769	-
Commercial Paper	-	145,722
Corporate Bonds	-	438,027
	14,278,426	14,468,523

For credit risk purpose, the trade debtors are grouped into three categories:

Company A – the maximum trade credits allowed per participant under this Company is N10mn

Company B – the maximum trade credits allowed per participant under this Company is N7mn.

Past experience is used in grouping the debtors since most of the clients are not rated.

The profit before tax of the company will be reduced by N714m (2020: N723m) if the overall credit is impaired by 5%.

IFRS 7 requires disclosures about concentrations of risk. Concentration of risk arises from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions. This information has been provided along geographical areas and economic sectors.

Geographical concentration of risks of financial assets with credit risk exposure

The following table breaks down The Company's credit exposure (without taking into account any collateral held or other credit support), as categorised by geographical region as at the reporting date. For this table, The Company has allocated exposures to regions based on the country of domicile of its counterparties.

	31 December 2021		
	Within Nigeria	Outside Nigeria	Total
	N'000	N'000	N'000
Reinsurance contracts	4,616,058	-	4,616,058
Trade receivables	32,990	-	32,990
Short Term funds treated as investment	598,923	-	598,923
Treasury bills	1,354,066	-	1,354,066
Cash and bank	922,672	-	922,672
FGN Bonds	6,546,949	-	6,546,949
State Bonds	206,769	-	206,769
	14,278,426	-	14,278,426

	31 December 2020		
	Within Nigeria	Outside Nigeria	Total
	N'000	N'000	N'000
Reinsurance contracts	3,207,242	-	3,207,242
Trade receivables	17,164	-	17,164
Short Term funds treated as investment	405,562	-	405,562
Treasury bills	347,274	-	347,274
Cash and bank	352,103	-	352,103
FGN Bonds	8,997,195	-	8,997,195
Commercial Paper	145,722	-	145,722
Corporate Bonds	438,027	-	438,027
	13,910,289	-	13,910,289

Impairment model

Premium debtors are measured at amortized cost, less provision for impaired receivables. Under IFRS, an asset is impaired if the carrying amount is greater than the recoverable amount. IAS 39 favours the use of the incurred loss model in estimating the impairment of its receivables. However, with the inception of IFRS 9 which became effective for annual periods beginning on/after 1 January 2018, the Expected Credit Losses (ECL) method of impairment calculation has been adopted and in force since January 1, 2018.

Based on NAICOM's "No Premium No Cover" guidelines which state that "all insurance covers shall be provided on a strict 'no premium no cover' basis", only cover for which payment has been received shall be booked. However, brokers have a 30-day period to make payments from the date of the credit notes.

After analysing this financial instrument based on NAICOM "No Premium No Cover" guidelines, a nil impairment standpoint was taken.

For sovereign exposures denominated in Naira which are assessed as low credit risk exposures, we have resolved to use LGDs within the rage of 5-10% based on the Central banks of Nigeria's Revised Guidance Notes on Credit risk. Section 3.1 of the document addresses exposure to sovereigns and Central banks and states that financial institutions should assign a risk weight of 0% to the following:

- Exposures to Federal Government of Nigeria (FGN) and Central Bank of Nigeria (CBN);
- Instruments issued by other entities backed by express guarantee of the FGN;
- Inter-bank transactions guaranteed by the FGN or CBN; and
- Inter-bank transactions among supervised institutions collateralized by FGN Bonds,
- Treasury Bills or other similar sovereign bills.

55 Market Risk

Market risk is the potential impact of unfavourable changes in foreign exchange rates, interest rates, prices and market volatilities. Market risk arises from changes in the fair value of investments. Market risks are managed by engaging in fixed interest placements with a duration closely corresponding to those liabilities.

Guidelines are set for asset allocation and portfolio limit structure; to ensure that assets back policyholders' liabilities and those assets are held to deliver income and gains for policyholders.

56 Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Due to FBN General Insurance extremely low willingness to accept currency risks, only minimal currency risks are accepted in all parts of the business. Generally, FBN General Insurance has a low currency risk exposure on its domiciliary accounts; this is hedged by short term placements/investment in the same currency or local currency.

The currency risk has been calculated as the currency position per currency on the basis of principal amounts. Interest and future value adjustments of the currency are not included in the calculation.

The table below summarises the company's exposure to foreign currency exchange rate risk:

31-Dec-21

				₦'000
Assets	**Naira (₦'000)**	**USD ($)**	**EURO (€)**	**Total**
Cash and cash equivalents	688,509	224,790	5,140	918,439
Financial assets :				
-Fair value through profit or loss	6,830,856	1,070,157	-	7,901,014
-Amortised Cost	208,250	-	-	208,250
Trade receivables	32,990	-	-	32,990
Reinsurance assets	4,076,924	539,134	-	4,616,058
Deferred acquisition cost	182,984	186,097	-	369,081
Other receivables & prepayments	213,880	-	-	213,880
Statutory deposit	300,000	-	-	300,000
	12,534,393	**2,020,179**	**5,140**	**14,559,712**
Liabilities				
Insurance contracts liabilities	5,568,662	1,634,265	-	7,202,927
Trade payables	809,858	-	-	809,858
Provision and other payables	412,288	-	-	412,288
	6,790,809	**1,634,265**	**-**	**8,425,073**

31-Dec-20

				₦'000
Assets	**₦'000**	**USD ($)**	**EURO (€)**	**Total**
Cash and cash equivalents	441,734	312,445	1,833	756,012
Financial assets :				
-Fair value through profit or loss	8,495,912	1,001,230	-	9,497,142
-Amortised Cost	566,500	-	-	566,500
Trade receivables	17,164	-	-	17,164
Reinsurance assets	3,015,493	191,748	-	3,207,242
Deferred acquisition cost	220,846	128,167	-	349,013
Other receivables & prepayments	26,004	-	-	26,004
Statutory deposit	300,000	-	-	300,000
	13,083,653	**1,633,591**	**1,833**	**14,719,077**
Liabilities				
Insurance contracts liabilities	4,668,122	1,144,466	-	5,812,588
Trade payables	423,342	-	-	423,342
Provision and other payables	530,926	-	-	530,926
	5,622,389	**1,144,466**	**-**	**6,766,855**

The company has no significant concentration of currency risk. As shown in the table above, The Company is primarily exposed to changes in NGN/US$ exchange rates

The following table details the Company's sensitivity to a 3% increase and decrease in Naira against the US dollar. Management believes that a 10% movement in either direction is reasonably possible at the balance sheet date. The sensitivity analyses below include outstanding US dollar denominated financial assets and liabilities. A positive number indicates an increase in profit where Naira weakens by 10% against the US dollar. For a 10% strengthening of Naira against the US dollar, there would be an equal and opposite impact on profit.

Sensitivities			31-Dec-21	31-Dec-20
Currency		Changes in variables	Impact on PBT	Impact on PBT
			₦'000	₦'000
	USD	3%	6,744	9,373
	EURO	3%	154	55
	USD	3%	(6,744)	(9,373)
	EURO	3%	(154)	(55)

56.1 Interest Rate Risk

Interest rate risk is the risk that Interest rates on short term placements will fluctuate and this will unfavourably affect FBN General Insurance earnings and the value of its assets, liabilities and capital. Fixed interest rate instruments expose the company to fair value interest risk though FBN General Insurance Ltd has no significant concentration of interest rate risk.

The company's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. Interest on fixed interest rate instruments is priced at inception of the financial instrument and is fixed until maturity.

The effect of the change in interest rates by 3% (increase) would result in a net increase in profit by N270m in 2021 and would reduce profit by same amount if it reduces by same percentage.

31 December 2021	Carrying amount	Variable interest-bearing	Fixed interest-bearing	Non-interest bearing
Financial assets:	N'000		N'000	N'000
Cash and balances with Central Insurance Company of Nigeria	918,439	-	598,923	319,516
FVTPL - Financial assets held for trading	7,901,014	-	7,901,014	-
Investment securities:				
- Amortised cost	208,250	-	208,250	-
Statutory Deposit with Central Bank of Nigeria	300,000	-	300,000	-
Other assets	6,465,701	-	-	6,465,701
	15,793,403	-	9,008,186	6,785,217
Financial liabilities:				
Due to Insurance Company's	7,202,927	-	-	7,202,927
Deposit from customers	351,424	-	-	351,424
Other liabilities	1,222,836	-	-	1,222,836
	8,777,187	-	-	8,777,187

31 December 2020	Carrying amount	Variable Interest-bearing	Fixed interest-bearing	Non-interest bearing
Financial assets:	N'000		N'000	N'000
Cash and balances with Central Insurance Company of Nigeria	756,012	-	405,562	350,450
FVTPL - Financial assets held for trading	9,497,142	-	9,497,142	-
Investment securities:				
- Amortised cost	566,500	-	566,500	-
Statutory Deposit with Central Bank of Nigeria	300,000	-	300,000	-
Other assets	4,822,335	-	-	4,822,335
	15,941,988	-	10,769,203	5,172,785
Due to Insurance Company's	5,812,588	-	-	5,812,588
Deposit from customers	59,188	-	-	59,188
Other liabilities	727,054	-	-	727,054
	6,598,830	-	-	6,598,830

56.2 **Liquidity Risk**

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost.

The executive management of the company is responsible for the effective management of liquidity risk by putting the appropriate structure and processes in place. The Risk committee of the Board is responsible for reviewing the adequacy and effectiveness thereof.

Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding are available to meet insurance and investment contracts obligations.

31 Dec 2021

Financial Assets	<3 months	3- 12months	1 -5 Yrs.	Over 5 Years	Total
	N'000	N'000		N'000	N'000
Cash and Cash equivalent	918,439	-	-	-	918,439
Financial Assets through profit or loss:-					
Treasury bills (6 - 12 months)	-	1,354,066	-	-	1,354,066
FGN Bonds	-	-	247,317	6,299,631	6,546,948
State Bonds			-	208,250	208,250
	918,439	1,354,066	247,317	6,507,881	9,027,702
Liabilities					
Insurance contract liabilities	4,976,106	1,026,668	-	1,200,706	7,202,927

31 Dec 2020

Financial Assets	<3 months	3- 12months	1 -5 Yrs.	Over 5 Years	Total
	N'000	N'000		N'000	N'000
Cash and Cash equivalent	756,012	-	-	-	756,012
Financial Assets through profit or loss:-					
Treasury bills (6 - 12 months)	347,274	-		-	347,274
FGN Bonds	-	-	1,598,575	7,551,293	9,149,868
Commercial Paper	-	145,406			145,406
Corporate Bonds	-	-	421,094		421,094
	1,103,286	145,406	2,019,669	7,551,293	10,819,653
Liabilities					
Insurance contract liabilities	3,743,395	1,135,496	-	933,696	5,812,588

The table below analyses assets and liabilities into current and non-current categories. It summarises the expected utilisation or settlement of assets and liabilities; the intention with regard to settlement period at the reporting date:

31-Dec-21

Assets	**Current**	**Non-Current**	**Total**
	N'000	**N'000**	**N'000**
Cash and cash equivalents	918,439	-	918,439
Financial assets	1,354,066	6,755,198	8,109,263
Trade receivables	32,990	-	32,990
Reinsurance assets	3,989,975	626,083	4,616,058
Deferred acquisition cost	369,081	-	369,081
Other receivables and prepayments	30,298	183,581	213,880
Property, plant and equipment	-	1,233,693	1,233,693
Statutory deposit	-	300,000	300,000
	6,694,848	**9,098,555**	**15,793,403**
Liabilities			
Insurance contracts liabilities	2,242,352	4,960,574	7,202,926
Trade payables	809,858	-	809,858
Provision and other payables	412,288	-	412,288
Current income tax	91,702	-	91,702
Deferred tax liabilities	-	260,411	260,411
	3,556,201	**5,220,984**	**8,777,185**

31-Dec-20

Assets			
Cash and cash equivalents	756,012	-	756,012
Financial assets	492,680	9,570,962	10,063,642
Trade receivables	17,164	-	17,164
Reinsurance assets	2,431,674	775,568	3,207,242
Deferred acquisition cost	349,013	-	349,013
Other receivables and prepayments	26,004	-	26,004
Investments property	-	100,000	100,000
Property, plant and equipment	-	1,122,911	1,122,911
Statutory deposit	-	300,000	300,000
	4,072,547	**11,869,441**	**15,941,988**

Liabilities	**Current**	**Non-Current**	**Total**
	N'000	**N'000**	**N'000**
Insurance contracts Labilities	2,275,480	3,537,107	5,812,587
Trade payables	423,342	-	423,342
Provision and other payables	530,926	-	530,926
Current income tax	166,591	-	166,590
Deferred tax liabilities	-	200,300	200,300
	3,396,339	**3,737,407**	**7,133,745**

As at 31 December 2021, investments classified as level 1 comprise 97% of financial assets measured at fair value on a recurring basis. Fair value measurements classified as level 1 include exchange-traded prices of fixed maturities and equity securities.

Investments classified as level 2 comprise approximately 3% of financial assets measured at amortised cost. They primarily include State and Corporate Bonds and Commercial Papers. ECL model is computed for these financial assets.The company recognises a credit loss allowance at an amount equal to the 12 month expected credit loss which represents the portion of lifetime expected credit losses from default events that are expected within 12months of the reporting date, assuming that credit risk has not increased significantly after the initial recognition.

The following table presents the company's assets measured at fair value as at 31 December, 2021.

2021	**Level 1**	**Level 2**	**Level 3**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Financial assets at fair value through P or L:-				
Treasury bills	1,354,066	-	-	1,354,066
FGN Bonds	6,546,950	-	-	6,546,950
State Bonds	-	208,250	-	208,250
	7,901,016	**208,250**	**-**	**8,109,266**

2020	**Level 1**	**Level 2**	**Level 3**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Financial assets at fair value through P or L:-				
Treasury bills	347,274	-	-	347,274
FGN Bonds	9,149,868	-	-	9,149,868
Commercial Paper	-	145,406	-	145,406
Corporate Bonds	-	421,094	-	421,094
	9,497,142	**566,500**	**-**	**10,063,642**

57 **Related Party Disclosures**

Transactions and agreements entered into between the company and FBN Company include the provision of banking services, premises usage, asset custodial services by the FBN Company. The company provides various general insurance cover for the Company and employees of the FBN Company

All the insurance business of the Company passed through FBN Insurance Brokers Ltd

		2021	**2020**
Nature of the transactions	**Related party**	**N'000**	**N'000**
Gross Premium	FBN Company	1,769,055	1,871,703
Receiving of equipment	FBN Insurance Ltd	-	-
Intercompany receivable/payable	FBN Insurance Ltd	-	-
Cash and Bank Balances	First Bank of Nigeria	166,537	49,643
Shared Service	FBN Insurance Ltd	20,701	20,719

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

58 Insurance Risk Management

The Company assumes insurance risk by issuing insurance policies,under which the Company agrees to compensate the policyholder if a specified uncertain futuire event affecting the policyholder occurs.

For accounting purposes, insurance risk is defined as risk other than financial risk. Contract issued by the company may include both insurance and financial risk; contracts with significant insurance risk.

The principal risk FBN General Insurance faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual claims paid and subsequent occurrence of long–term claims. Therefore, the objective of FBN General Insurance is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The company purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non–proportional basis. The majority of proportional reinsurance is surplus reinsurance which is taken out to reduce the overall exposure of the company to certain classes of business. Non–proportional reinsurance is primarily excess–of–loss reinsurance designed to mitigate the company's net exposure to catastrophe losses. Retention limits for the excess–of–loss reinsurance vary by product line.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that if any reinsurer is unable to meet its obligations assumed under such reinsurance agreements, this is diversified such that it is neither dependent on a single reinsurer nor are the operations of the company substantially dependent upon any single reinsurance contract.

FBN General Insurance principally issues the following types of general insurance contracts: Motor, Marine, Bond, Engineering, Fire, General Accident, Aviation and Oil & Gas. All the risks usually cover twelve months except Bond, Engineering and Marine which can be less or more than twelve months.

For general insurance contracts, the most significant risks arise from climate changes, natural disasters, flood, accidents, terrorist activities (Boko Haram), bank robberies and bank frauds. These risks do not vary significantly in relation to the location of the risk insured by the company, type of risk insured and by industry.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography.

Furthermore, strict claim review policies to assess all new and on-going claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are part of the policies and procedures put in place to reduce the risk exposure of the company. The company further enforces a policy of actively managing and promptly attending to claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business.

FBN General Insurance has also limited its exposure by the reinsurance arrangements in order to limit exposure to catastrophic events.

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the company's risk appetite as decided by management. The board has the risk appetite in place.

58.1 Terms and Conditions of Insurance contracts

The terms and conditions on insurance contracts determine the level of insurance risk accepted by the company. The table below outlines the general form of terms and conditions that apply to contracts sold in each category of business, and the nature of the risk incurred:

Category	Main Risks	Policyholder Guarantees	Policyholder Participation
Motor	Accident/unforeseeable loss	Indemnity	Premium (to seal the contract)
Accident	Accident/unforeseeable loss/Bene	Indemnity/benefit for estate	Premium (to seal the contract)
Marine	Accident/unforeseeable loss	Indemnity	Premium (to seal the contract)
Fire	Accident/unforeseeable loss	Indemnity	Premium (to seal the contract)
Special Risks	Accident/unforeseeable loss	Indemnity/Guarantee for Unforeseen default	Premium (to seal the contract)

58.2 Insurance Risks' Management

The table below summarises the variety of insurance risks to which the company is exposed, and the method by which it seeks to mitigate the risks:

Risk Type	Nature	Risk Management
Motor	Accidental damage/loss to Insured property	Pre-loss Survey on the property is done, past experience is considered, the risk is spread and the underwriters are properly trained.
Accident	Accident/loss/professional negligence	Pre-loss Survey on the property is done, past experience is considered, rates are reviewed, the risk is spread and the underwriters are properly trained.
Marine	Accident/unforeseeable loss	Pre-loss Survey on the property is done, past experience is considered, rates are reviewed, the risk is spread and the underwriters are properly trained.
Fire	Damage/loss as a result of unforeseen fire incident or storm	Professional input to reduce the risk, reinsurance arrangement, past experience is considered, rates are reviewed, the risk is spread and the underwriters are properly trained.
Special Risks	Accidental damage or loss	Reinsurance package to spread the risks e.g. excess of loss, treaty arrangement, local and overseas training for underwriters.

The probability of accident occurrence is high in motor and accident though the quantum is normally low while the probability of accident in Special risk is very low but the quantum is potentially very high.

Changes in rates used to value insurance contracts would result in increase/decrease to the insurance contract liabilities recorded, with the corresponding decreases or Increases to profit. With Fire and Special Risk business, rate review will have effect on the profit and loss and shareholders fund. The estimate as at 31st December, 2021 is analysed below:

Sensitivities amendment	Change%	31-Dec-21 Increase/ (Decrease) In liabilities ₦'000	31-Dec-20 Increase/ (Decrease) In liabilities ₦'000
Motor	(10%)	(112,906)	(100,364)
Accident	10%	199,567	157,023
Marine	10%	38,643	36,436
Fire	10%	159,755	160,556
	10%	377,407	314,291

The changes in insurance contract liabilities shown are calculated using the specified Increase or decrease to the rates, with no change in charges paid by policy holders.

The effect of the change in rates would result in a net Increase in profit to N662m in 2021 and N568m in 2020.

59 **Actuary's Report**

Methodology

Future claim amounts

Inflation

Claims paid amounts have not been adjusted for inflation. Nigeria's inflation has been very volatile over the last few years, and AFIC would recommend that inflation adjusted numbers are looked at in future. Although the Basic Chain Ladder method does allow implicitly for inflation, if the inflation has been very volatile over the period of projection, this implicit assumption is not valid and inflation should be allowed for explicitly.

Reserving methods used

Depending on the volume of data in the reserving classes specified in section 6, the appropriate methodologies were used. Three methods were used for the projection of claims. The Basic Chain Ladder Method (BCL), a Loss ratio method adjusted for assumed experience to date and in more recent years and where the claim development seems different than in the past a Bornheutter – Ferguson Method was used based on loss ratios that have been experienced in past accident years.

Claims data was grouped into triangles by accident year or quarter and payment year or quarter. The choice between quarters or years was based on the volume of data in each segment. AFIC used payment development patterns instead of the reporting years' patterns to allow for the longer tail development that would be seen in reporting and payment delays as well as to allow for the movement of partial payments in the data.

There was insufficient data to sub-divide claims between large and small claims. Sub – dividing the data would reduce the volume of the data in the triangles and compromise the credibility. Extreme large claims however were removed from the triangulations to avoid distorting development patterns.

Basic Chain Ladder Method (BCL)

Development factors were calculated using the last 3, 4 and 5 years of data by accident year or quarter. Ultimate development factors are calculated for each of the permutations. Developments patterns are selected taking into account stability of the loss ratios between accident periods for a development period as well as considering whether there seems to be a change in development, for example a quickening in the rate that claims are paid, Ultimate development factors are applied to the paid data per accident year or quarter and an ultimate claim amount is calculated. The future claims (the ultimate claim amount less paid claims to date) are allocated to future payment periods in line with the development patterns calculated above. The outstanding claims reported to date are then subtracted from the total future claims to give the resulting IBNR figure per accident year or quarter.

For cases where there were extreme large losses that had been reported but not paid, and therefore would not have influenced the development patterns, the total case reserve was excluded from the calculation of the IBNR.

i.e. IBNR = Ultimate Claim Amount (excluding extreme large losses)
minus Paid Claims to date
minus Claims Outstanding (excluding extreme large losses)

Assumptions underlying the BCL

The Basic Chain Ladder Method assumes that past experience is indicative of future experience i.e. that claims reported to date will continue to develop in a similar manner in the future.

An implicit assumption is that, for an immature accident year, the claims observed thus far tell you something about the claims yet to be observed.

A further assumption is that it assumes consistent claim processing, a stable mix of types of claims, stable inflation and stable policy limits.

If any of these assumptions are invalidated, the results of the reserving exercise may prove to be inaccurate.

Loss ratio method

For 4 of the classes namely Oil and Gas, Marine Hull, Bond and Aviation, there was very limited data. A BCL method was therefore inappropriate. We allowed for expected experience to date and the assumed average Ultimate Loss ratios in carrying out the calculation.

Average delay durations were calculated from the data provided. In the absence of any data, various options were provided. Detailed results can be found under the result section.

The IBNR is then calculated as:

Expected % of claims to still arise in future based on average delay
x average ultimate loss ratio assumed
x earned premium for the current year

Assumptions underlying the Loss Ratio method

We assumed that the average delay in reporting of claims will continue into the future. If it is expected that these delay assumptions no longer hold, an adjustment needs to be made to allow for this change in reporting. If the delay period in reporting is expected to have increased from previous years, the results shown in this report will be understated.

Additionally, an estimate of the average ultimate loss ratio needed to be assumed. We based our estimated average loss ratio on claims experience to date for accident years 2020 and 2021. In future it is suggested that a further history of written premiums is given so that we can base the initial estimates of the loss ratio for the current accident year based on more accident years' experience to date.

Additionally AFIC would advise FBN Insurances underwriters to capture what the ultimate loss ratio for a specific accident year is expected to be per class of business.

AFIC however does feel comfortable that the initial estimate assumptions are reasonable if no business or processes have changed over the last 3 accident years. AFIC did conduct a reasonability check on the loss ratios by comparing the loss ratios to Industry figures, however, if the loss ratios average is not indicative of future experience the IBNR calculated could be under/overestimated.

The loss ratios used and delays assumed for these classes are shown in the results section.

Additionally AFIC would advise FBN Insurances underwriters to capture what the ultimate loss ratio for a specific accident year is expected to be per class of business.

AFIC however does feel comfortable that the initial estimate assumptions are reasonable if no business or processes have changed over the last 3 accident years. AFIC did conduct a reasonability check on the loss ratios by comparing the loss ratios to industry figures, however, if the loss ratios average is not indicative of future experience the IBNR calculated could be under/overestimated.

The loss ratios used and delays assumed for these classes are shown in the results section.

Unearned Premium Reserve and Deferred Acquisition Cost

Unearned Premium Reserve (UPR)

Unearned premium provision was calculated using a time – apportionment basis, in particular, the 365ths method.

In the calculation of the UPR, it was assumed that both the start and end date were included in the coverage period, i.e. if the policy's start and end date are the 1 January 2021 and 31 December 2021 respectively, then the policy will cover any claim occurring on the 1 January 2021 and 31 December 2021 as well as any dates in between. For this example, the policy term will be 366 days. This differs from the approach used by FBN General Insurance Ltd where it is assumed that a policy with a start date of 1 January 2021 only has a coverage period that starts on 2 January 2021 or alternatively covers the 1 January 2021 and only runs to the 30 December 2021.

Deferred Acquisition Costs

The same approach was taken as for the calculation of the UPR balance.

IBNR RESULTS:

Class of Business	Gross IBNR as at 31 December 2021	Gross IBNR as at 31 December 2020
	₦'000	₦'000
Bond	1,154	2,094
Engineering	27,445	15,906
Fire	132,739	239,153
General Accident	310,920	176,666
Marine	135,252	80,200
Motor	178,048	89,571
Oil and Gas	415,148	330,106
Total	1,200,706	933,696

The Net figures are based on the average recovery ratio over the last 3 years per class of business instead of using actual net claims data.

UPR & DAC RESULTS

Class of business	2021 Sum of Unearned Premium (UPR)	2021 Sum of Unearned Commission (DAC)
	₦'000	₦'000
Bond	7,168	888
Engineering	96,114	17,495
Fire	416,971	77,012
General accident	247,139	35,933
Marine	118,681	17,631
Motor	343,841	34,024
Oil and Gas	928,288	186,097
Total	2,158,203	369,081

Class of business	2020 Sum of Unearned Premium (UPR)	2020 Sum of Unearned Commission (DAC)
	₦'000	₦'000
Bond	3,064	683
Engineering	75,172	17,294
Fire	447,090	116,454
General accident	202,696	28,259
Marine	147,484	23,827
Motor	312,796	34,329
Oil and Gas	639,449	128,167
Total	1,827,751	349,013

The calculation of the unearned premium reserves is very dependent on the duration of the policies. Therefore, if there are missing dates and the assumptions used are materially different to what is reality, the UPR and DAC figures will not be accurate.

This appendix shows the cumulative triangulations that were used in the reserve report as at December 2021 for the 4 classes where triangulation methods were used.

FBN GENERAL INSURANCE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2021

Claims Paid Triangulations as at 31st December 2021 - Excluding Large Losses

Motor 2021

Accident Year	Development Year												
	0	1	2	3	4	5	6	7	8	9	10	11	12
	-	12,493,259	12,493,259	14,095,009	14,095,009	14,095,009	14,095,009	14,095,009	14,095,009	14,095,009	14,095,009	14,095,009	14,095,009
2006	7,183,547	7,183,547	8,091,816	8,162,179	8,162,179	8,162,179	8,162,179	8,162,179	8,162,179	8,162,179	8,162,179	8,162,179	8,162,179
2007	-	13,490,131	13,513,456	13,513,456	13,513,456	13,513,456	13,513,456	13,513,456	13,513,456	13,513,456	13,513,456	13,513,456	13,513,456
2008	28,697,353	53,971,325	54,682,249	54,682,249	54,712,249	55,331,832	55,331,832	55,331,832	55,331,832	55,331,832	55,331,832	55,356,132	55,356,132
2009	46,818,708	87,336,233	88,028,286	88,350,910	88,421,660	89,177,660	89,177,660	89,177,660	89,177,660	89,177,660	89,177,660	89,177,660	89,177,660
2010	74,692,635	110,251,301	111,944,711	119,123,375	119,144,513	119,144,513	119,166,933	119,166,933	119,166,933	119,166,933	119,166,933	119,166,933	
2011	63,119,744	121,145,189	128,786,628	130,366,614	130,904,793	131,358,017	131,490,358	131,490,358	131,490,358	131,490,358	131,490,358		
2012	48,825,250	89,427,481	96,989,771	99,131,135	100,631,497	100,679,197	100,679,197	100,679,197	100,679,197	100,679,197			
2013	72,962,793	110,709,145	113,753,647	114,169,670	114,169,670	114,169,670	114,169,670	114,169,670	114,169,670				
2014	66,713,719	112,811,121	125,625,069	125,625,069	125,625,069	125,625,069	125,625,069	125,625,069					
2015	117,480,339	151,017,184	151,017,184	151,105,613	151,105,613	153,949,541	153,949,541						
2016	149,743,725	159,869,660	160,076,085	166,934,813	170,167,190	170,167,190							
2017	221,690,021	251,262,889	253,845,039	257,199,642	257,199,642								
2018	161,210,168	185,521,267	187,141,474	187,196,149									
2019	146,317,057	193,131,057	193,178,557										
2020	293,013,296	309,079,241											
2021	422,634,489												

Fire 2021

Accident	Development Year												
	0	1	2	3	4	5	6	7	8	9	10	11	12
2005	-	11,697,059	11,697,059	11,781,729	12,012 323	12,012,323	12,012,323	12,012,323	12,012,323	12,012,323	12,012,323	12,012,323	12,012,323
2006	4,694,662	4,694,662	4,732,429	6,904,341	6,904,341	6,904,341	6,904,341	6,904,341	6,904,341	6,904,341	6,904,341	6,904,341	6,904,341
2007	-	160,763	299,611	299,611	299,611	299,611	299,611	299,611	299,611	299,611	299,611	299,611	299,611
2008	2,243,994	4,468,176	4,609,979	4,729,662	4,729,662	4,729,662	4,729,662	4,729,662	4,729,662	4,729,662	4,729,662	4,729,662	4,729,662
2009	615,535	13,062,008	13,062,008	13,062,008	13,062,008	13,062,008	13,062,008	13,062,008	13,062,008	13,062,008	13,062,008	13,062,008	13,062,008
2010	4,027,524	4,958,667	4,958,667	5,877,892	5,877,892	5,877,892	5,877,892	5,877,892	5,877,892	5,877,892	8,953,417	8,953,417	
2011	13,854,830	52,294,913	54,925,981	54,925,981	54,930,236	54,930,236	54,930,236	54,930,236	54,930,236	54,930,236	54,930,236		
2012	3,002,662	22,107,268	49,624,404	50,702,354	50,702,354	50,702,354	50,702,354	50,702,354	50,702,354	50,702,354			
2013	4,982,694	10,259,622	17,179,073	17,179,073	17,292,786	17,292,786	17,292,786	17,383,489	17,383,489				
2014	2,204,263	23,480,696	26,872,329	26,899,957	26,899,957	26,899,957	26,899,957	26,899,957					
2015	22,969,865	33,597,250	34,136,169	34,252,424	34,252,424	34,278,293	34,278,293						
2016	60,177,137	77,710,280	81,199,401	81,199,401	82,078,884	82,078,884							
2017	80,595,309	99,554,744	99,554,744	118,829,142	118,829,142								
2018	86,419,590	97,838,993	118,081,727	118,097,229									
	111,902,638	294,325,620	295,987,977										
2020	196,840,235	245,144,903											
2021	151,342,894												

Engineering 2021

Accident Year	Development Year 0	1	2	3	4	5	6	7	8	9	10	11	12
2005	-	1,101,504	1,101,504	1,159,827	1,159,827	1,159,827	1,159,827	1,159,827	1,159,827	1,159,827	1,159,827	1,159,827	1,159,827
2006	-	-	48,378	213,205	213,205	213,205	213,205	213,205	213,205	213,205	213,205	213,205	213,205
2007	-	-	-	-	-	-	-	-	-	-	-	-	-
2008	1,244,930	1,367,388	2,314,651	2,314,651	2,314,651	2,314,651	2,314,651	2,314,651	2,314,651	2,314,651	2,314,651	2,314,651	2,314,651
2009	1,492,101	2,825,355	2,977,939	3,139,221	5,389,221	5,389,221	5,389,221	5,389,221	5,389,221	5,389,221	5,389,221	5,389,221	5,389,221
2010	184,533	1,864,955	19,090,974	19,090,974	19,090,974	19,605,453	19,656,453	19,656,453	19,656,453	19,656,453	19,656,453	19,656,453	
2011	3,484,739	14,194,029	15,151,241	15,181,684	16,662,793	17,296,397	17,296,397	17,296,397	17,296,397	17,296,397	17,296,397		
2012	1,411,981	2,479,314	2,484,903	3,054,465	3,333,177	3,517,878	3,517,878	3,517,878	3,517,878	3,517,878			
2013	3,690,097	3,660,839	3,717,020	4,253,895	4,253,895	4,253,895	4,253,895	4,253,895	4,253,895				
2014	2,597,973	3,275,076	3,974,209	3,974,209	3,974,209	3,974,209	3,974,209	3,974,209					
2015	24,205,330	25,376,347	25,376,347	25,376,347	25,376,347	25,376,347	25,376,347						
2016	3,176,446	4,080,540	4,141,201	4,141,201	4,141,201	9,733,103							
2017	27,357,131	30,992,686	30,992,686	31,404,118	31,404,118								
2018	12,136,102	15,633,804	16,884,247	16,884,247									
2019	7,964,795	8,302,223	8,351,990										
2020	14,126,390	14,939,009											
2021	23,561,539												

General Accident 2021

Accident Year	Development Year 0	1	2	3	4	5	6	7	8	9	10	11	12
2005	86,916	15,112,209	15,112,209	15,453,787	16,502,203	16,502,203	16,510,234	16,510,234	16,510,234	16,510,234	16,510,234	16,510,234	16,510,234
2006	12,220,024	12,220,024	14,676,014	16,404,165	17,960,868	17,960,868	17,960,868	18,041,558	18,248,684	18,248,684	18,248,684	18,248,684	18,248,684
2007	-	2,829,708	3,768,433	3,768,433	5,996,023	5,996,023	6,505,233	6,524,968	6,534,741	6,615,401	6,615,401	6,615,401	6,615,401
2008	10,879,759	40,731,595	43,296,984	47,181,657	49,981,061	50,070,393	50,159,714	50,320,585	50,363,594	50,363,594	50,363,594	50,363,594	50,363,594
2009	9,456,179	52,301,352	57,183,040	60,632,662	61,612,051	61,918,689	62,401,233	62,401,233	62,401,233	62,401,233	62,401,233	62,401,233	62,401,233
2010	68,851,633	140,793,913	149,157,164	161,440,067	168,142,302	168,725,399	169,094,122	169,094,122	169,094,122	169,094,122	169,094,122	169,094,122	
2011	29,970,159	120,144,240	137,577,414	138,829,660	139,816,165	140,816,998	140,929,902	140,929,902	140,929,902	140,929,902	140,929,902		
2012	49,357,058	105,310,439	154,506,869	162,791,494	163,709,002	163,709,002	168,737,871	168,744,545	168,758,314	168,758,314			
2013	38,337,209	75,126,256	112,505,270	114,332,861	121,349,738	121,349,738	121,461,049	121,461,049	121,461,049				
2014	49,206,323	111,336,246	140,727,296	157,028,481	157,028,481	157,028,481	157,028,481	157,028,481					
2015	37,609,671	195,759,721	209,807,807	209,810,807	209,828,146	210,233,056	210,233,056						
2016	46,487,182	112,289,564	129,843,926	129,853,576	130,717,802	130,717,802							
2017	60,300,104	88,395,170	88,683,808	93,302,562	93,302,562								
2018	57,764,034	64,289,470	68,639,418	69,085,685									
2019	85,151,002	130,834,870	133,670,056										
2020	131,934,786	151,461,831											
2021	155,352,072												

FBN GENERAL INSURANCE LIMITED

60 OTHER NATIONAL DISCLOSURES

60a STATEMENTS OF VALUE ADDED

	2021 N'000	%	2020 N'000	%
Net insurance premium Income	4,461,743		3,879,085	
	694,691		613,100	
Total underwriting expenses	(3,497,600)		(2,554,241)	
Net Investment Loss/Income	(1,754,511)		1,990,872	
Other services bought	(685,691)		(743,222)	
Value added	(781,368)	100	3,185,593	100
Applied as follows:				
In payment of employees:				
- Salaries, wages and other benefits	788,358	(101)	910,412	29
In payment to Government				
- Taxation	114,381	(15)	235,212	7
For future replacement of assets, expansion of business and payment of dividend to shareholders:				
- Depreciation	107,917	(14)	103,336	3
- Contingency reserve	279,491	(36)	387,327	12
- Loss/Profit for the year	(2,071,515)	265	1,549,306	49
	(781,368)	100	3,185,593	100

Value added represents the additional wealth the Company has been able to create by its own and employees' efforts. This statement shows the allocation of that wealth among employees, providers of capital as well as government and that retained for future creation of more wealth.

FBN GENERAL INSURANCE LTD

61b FIVE YEARS FINANCIAL SUMMARY

	31-Dec-21	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17
ASSETS	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cash and cash equivalent	918,439	756,012	329,197	316,947	413,003
Financial assets	8,109,263	10,063,642	6,557,308	5,021,045	4,045,347
Trade receivables	32,990	17,164	39,860	14,195	40,027
Reinsurance assets	4,616,058	3,207,242	2,153,785	2,209,787	916,684
Deferred acquisition cost	369,081	349,013	299,554	194,536	153,311
Other receivables and prepayment	213,880	26,004	32,528	38,098	105,861
Investment properties	-	100,000	100,000	100,000	100,000
Property plant and equipment	1,233,693	1,122,911	1,193,588	1,256,938	1,134,710
Intangible assets	-	-	-	-	33,617
Statutory deposits	300,000	300,000	300,000	300,000	300,000
Total assets	**15,793,403**	**15,941,987**	**11,005,820**	**9,451,546**	**7,242,562**
LIABILITIES					
Insurance contract liabilities	7,202,927	5,812,588	4,336,417	3,489,155	2,119,276
Trade payables	809,858	423,342	187,013	189,543	95,204
Provision and other payables	412,288	530,926	467,133	420,932	433,888
Income tax liabilities	91,702	166,591	82,171	78,672	47,556
Deferred tax liabilities	260,411	200,300	109,726	108,823	65,171
Total liabilities	**8,777,187**	**7,133,746**	**5,182,460**	**4,287,125**	**2,761,095**
EQUITY					
Paid up share capital	5,000,000	5,000,000	3,951,753	3,951,753	3,751,753
Share premium	410,961	410,961	410,961	410,961	410,961
Contingency reserve	1,615,763	1,336,271	948,946	729,448	590,390
Retained (deficits)/earnings	(527,642)	1,543,875	(5,433)	(444,874)	(798,577)
Available for sale reserves	-	-	-	-	9,807
Asset revaluation surplus	517,133	517,133	517,133	517,133	517,133
Total equity	**7,016,215**	**8,808,241**	**5,823,360**	**5,164,421**	**4,481,466**
Total liabilities & equity	**15,793,403**	**15,941,987**	**11,005,820**	**9,451,546**	**7,242,562**

FBN GENERAL INSURANCE LTD

FIVE YEARS FINANCIAL SUMMARY

INCOME STATEMENTS

Gross written premium	9,316,380	8,004,993	7,316,585	4,635,233	3,516,548
Gross Premium income	8,985,928	7,824,124	6,822,818	4,388,835	3,360,467
Net premium Earned	4,461,743	3,879,085	3,480,228	2,429,419	2,080,496
Claims incurred	(4,137,171)	(2,894,765)	(2,300,641)	(2,025,323)	(1,210,334)
Net Underwriting expenses	(1,877,624)	(1,551,841)	(1,464,177)	(924,658)	(667,992)
Underwriting results	**1,658,834**	**1,937,944**	**1,545,381**	**1,308,959**	**872,868**
Investment income	(2,188,780)	1,862,189	892,497	656,427	724,901
Other income	434,269	128,683	(94,298)	136,278	78,495
ECL Impairment no longer requirec	-	-	-	224	
Management expenses	(1,596,915)	(1,737,655)	(1,609,602)	(1,382,832)	(1,226,480)
	-	-	-	(103,303)	(126,941)
ECL Impairment Allowance	14,949	(19,314)	(787)	(155)	-
Profit before tax	**(1,677,643)**	**2,171,846**	**733,191**	**615,598**	**322,843**
Income tax	(114,381)	(235,213)	(74,254)	(122,613)	(31,911)
Profit after tax	**(1,792,024)**	**1,936,633**	**658,937**	**492,986**	**290,932**
Other Comprehensive income	-	-	-	(9,808)	85,876
Total comprehensive income	(1,792,024)	1,936,633	658,937	483,178	376,809